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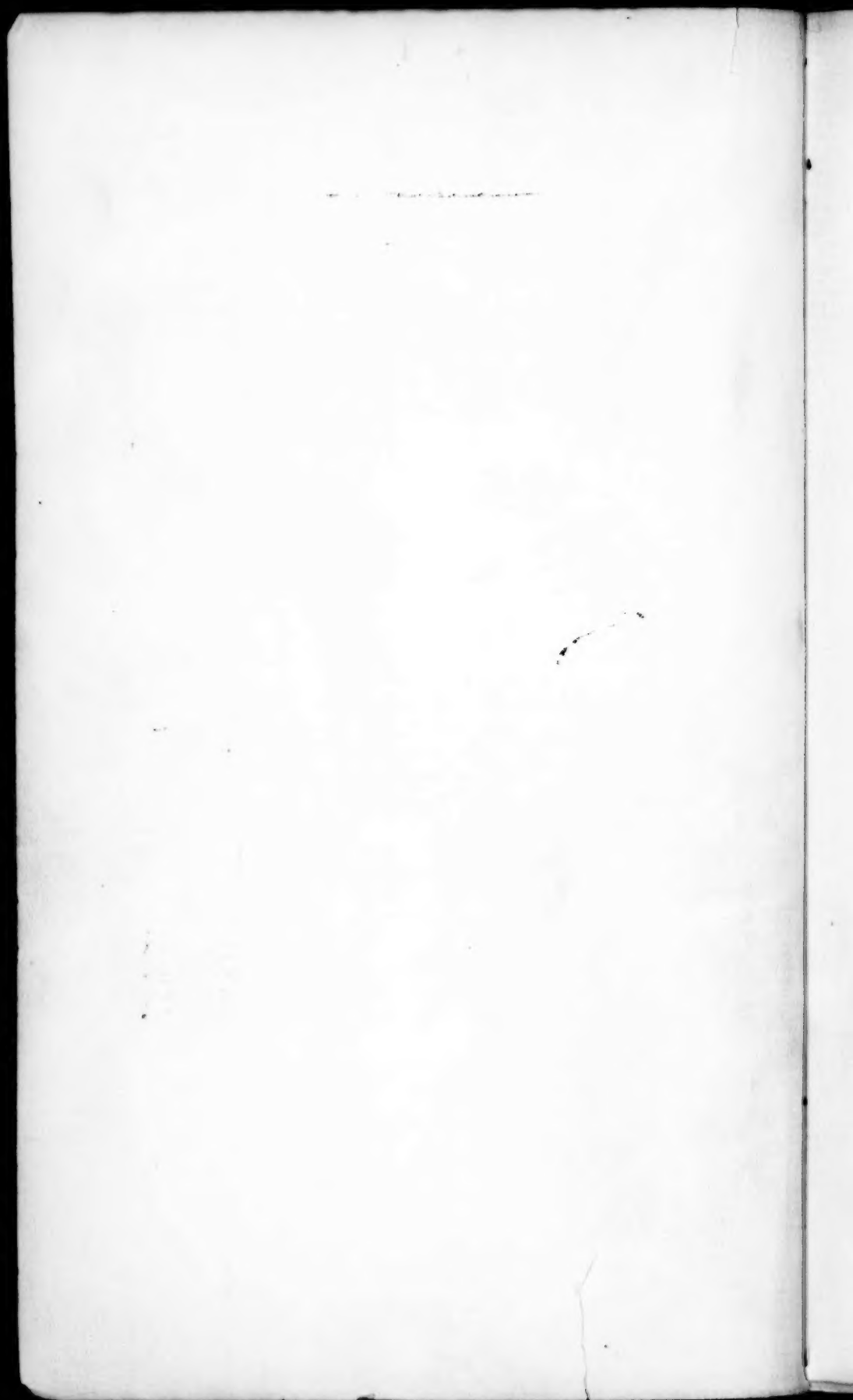
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lated by JOSEPH ADNA HILL

*Supplement, March, 1894.*



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ANNALS  
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AMERICAN ACADEMY  
OF  
POLITICAL AND SOCIAL SCIENCE.

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THE PROGRESS OF ECONOMIC IDEAS IN FRANCE.

Ever since men have lived in society the observers among them have been gathering economic notions, and some of the most elementary, such as that scarcity enhances value, have been well known since the earliest times. But it was not until the eighteenth century that an attempt was made to gather these notions into a philosophy, to construct an *Economic Science*. This first attempt, which resulted in the so-called Physiocratic school, was not a happy one. I shall not enumerate its errors here; others have done this. It is of more modern times that I wish to speak. We ought, however, to note that the Physiocrats merit recognition for striving to base Economic Science on the *nature of things*, for having seen that the relations among men are influenced by various causes and that an economic cause just as surely as a physical cause, is followed by its effect.

The English who had had occasion to correlate various economic phenomena adopted what was good in the system of the Physiocrats; Adam Smith remodeled the doctrine,

eliminating its chief errors. Ricardo, Malthus and others added their theories, and when the young Economic Science, thus recast and improved, returned to France, J. B. Say added some complementary notions and gave it form, method and clearness. Political Economy now spread much more rapidly and made for itself a place in the scientific world and soon in the political world also.

Up to that time it had not occurred to any one to consider Economics as a stationary science, for it was obviously changing constantly. It continued to advance and develop, however, until no one longer hesitated to consider that the science was established. The fundamental principles had been found, it remained only to discover how those principles were to be applied in the various problems which might confront the State and Society.

The many writers who were the contemporaries, and especially the successors of J. B. Say, were substantially agreed as to principles, for they were followers of the same masters; but they were much less in accord in regard to practice, and these differences of view would have been sufficient to prevent stagnation in the economic world by giving rise to discussion. There were dissenters, however, to be found during the whole period. I cite only Sismondi among the economists. There were the socialists—St. Simon, Fourier, the phalansterian, Pierre Leroux, later Louis Blanc and Proudhon, and finally, last but not least, there were the protectionists. For it was with these last that the struggle was fiercest and longest, and it was, perhaps, this very struggle which seemed to create about the middle of this century a family bond among the French economists. It was the exigencies of practice which gave a great and peculiar importance to the question of free exchange, and have made more than one of the writers of the time believe that political economy was purely and simply the theory of free trade. But this was a singular belittling of its scope and dimensions. One had only to open one of the treatises or manuals of the time to see that Economic

Science had to do with very many other questions, and that of a hundred pages, barely two were devoted to the freedom of commercial exchange.

Among the economists whose earlier writings go back to the first half of this century there may be mentioned Bastiat, Gustave de Molinari, Courcelle-Seneuil, Dunoyer, Cherbuliez, Rossi, Ad. Blanqui, Joseph Garnier, Ambroise Clement, Michel Chevalier, Wolowski, Gustave du Puynode and others, who are here omitted in order not to prolong the list. The works of these authors are sufficiently well-known to make it unnecessary to add their titles.\* These economists, with J. B. Say and others, as well as almost all English, American, German and Italian economists are to-day classed as belonging to the "*classical*" or liberal school. It is sometimes called the "*orthodox school*," but I cannot accept this designation; first, because it has nothing to do with religion in which one *believes*—in which one can *believe* the true, (orthodoxy) or *believe* the false, (heterodoxy) according as one is inspired more or less from on high. No; political economy is a science; if writers have properly observed causes and effects, ONE KNOWS; if they have not rightly observed, then ONE DOES NOT KNOW. I present a second objection to the word *orthodox*; it is that although there have always been differences of opinion among economists and although these differences have been of a certain importance, yet it is true that they did not, for that reason, consider themselves hostile to one another.

It is since the rise of the "*new schools*" that names more or less significant have been given to the one of which Adam Smith is considered as the founder, and the term "*classical*" is fairly suitable, although I prefer the term *liberal*, and it is that which I advocate. Some German and Italian writers, the one echoing the other, have occasionally divided the school and distinguished in its ranks an "*optimistic school*" in recognition of Bastiat, who wrote "*Les harmonies*

\* The catalogue of their books may easily be obtained gratis from Guillaumin et Cie., Paris.

*économiques*," and also because certain French writers in opposition to extreme official regulation have based their reasoning somewhat too emphatically on the proposition that every man knows best that which is most expedient for him. But this is mere caviling. First; it goes without saying, that the economist who writes *every man*, has in mind only intelligent men. Second; all the schools, or to be more exact, all those who believe that they have reached the truth, are optimistic relatively to their doctrine; of this I could bring forward curious and convincing proofs. I do not then give serious consideration to the name "optimistic school," and content myself with a passing mention, which is all that the term deserves. It is then with the *classical* or liberal school that we have to do, and if we wish to show the progress of economic ideas in France we must, in the first place, understand what is meant by the "classical school," and what are the peculiarities that distinguish it from other schools. I am convinced that this definition has not yet been given, unless perhaps vaguely, and by the opponents of the school. Science demands clearness and precision; it must know how to distinguish that which is essential from that which is accidental, that which is general or objective from that which is individual or subjective. This, then, is the definition: The "classical school" bases economic science on the study of man living in society, striving to satisfy his material and immaterial wants. Political economy is therefore a science of observation. Naturally it studies the man of to-day. One can observe only what one can see; but the records of history which we possess show us the same man; he has not changed since the earliest times, and until the contrary is proven, we may reason on the basis that human nature will always be as it has always been.\* So it is with the laws which govern the visible world, the solar system, the mineral, vegetable and animal kingdoms, physics and

\* I refer to *human nature* and not to its manners and customs, nor to the organization of States and governments. Thus, every man provides food for himself; it is nature's law: what he eats and how he eats depends on the manners and customs of the time.

chemistry. We can and should consider these laws as eternal.

These two premises are sufficient to authorize us to declare the permanence of great economic laws, since these laws have to do with the means which man employs to draw from nature that which is necessary for the satisfaction of his wants; for nature does not, of herself, place these necessities at his disposition. If men could live on the spontaneous products of nature, there would be no political economy.

The material wants, the rational satisfaction of which maintains man in life and health, consist principally in food, clothing and lodging. The immaterial wants are varied; they are more numerous in the case of the civilized man than in that of the savage. It is a want, at once material and immaterial to avoid pain and to seek pleasure. The *ensemble* of these different wants constitutes human nature, and it is from their reactions, the one upon the other, that economic laws proceed.

The first of these laws is this: *man tends to obtain the greatest possible result with the least effort.* Effort, work, is more or less laborious for it is necessary to overcome the force of inertia which is natural to all bodies whatsoever. This law is eternal. It applies to the ape which is called man's ancestor and to the oyster, which is believed to be the progenitor of the ape.

The second law is, that man will make no effort to obtain that which will give him no material or moral satisfaction, that which is useless or disagreeable, or which he cannot exchange for some useful object or for a service rendered. It is by deduction from this law which in its development becomes the law of "final degree of utility" of Jevons or the "marginal utility" of Carl Menger,\* that one is able to explain why what is rare is dear, and why that which is abundant is cheap. Is not this also, an eternal law?

\* "Grenznutzen," a term which I have rendered in French by "la moindre jouissance," in my work "*Le Progrès de la science économique.*" Paris, Guillaumin et Cie.

The third is that all production is facilitated by means of appropriate instruments ; and in almost all cases is possible only by the aid of these instruments. You wish to fell a tree : you must have an axe. You wish to weave a piece of cloth : you must have a thread and a loom. You wish to cross the sea : you must have a boat. Instruments, raw materials, provisions and all means useful in production have been grouped under the name of capital. This law that capital facilitates production or renders it possible, is eternal.\*

In a society where men hire themselves out as laborers, the great majority, perhaps all—as daily experience teaches us—prefer a remuneration which shall be fixed, regular, certain, even though it be moderate, to one which is larger, perhaps much larger, yet contingent.

This, then, is a result of experience, which confirms what we know of human nature, *i. e.* (1) Man, having a body, in order to work must struggle against the inertia inherent in all bodies. (2) It is the intellectual and moral power, the soul, with which man is endowed which obliges the body to work ; but who will incite the intelligence which is so often sluggish ? Now the study of human nature teaches us that a fixed salary favors repose of mind ; a contingent return makes it uneasy ; uncertainty is trouble and man flees from trouble.

For man then, as we observe him, a fixed salary will be almost always the form of remuneration preferred. If there are exceptions they seem to prove the rule.

There are other eternal laws, but this is not the time to inquire regarding them, for we are not making an exposition of the science, we are defining it simply.

\* The attempt has been made to make of capital a "category of history," a transient thing, since although there are cases where he who works possesses also capital ; here are others where one furnishes the capital and the other the work, and the two individuals must be associated to secure the product. But this objection is pure sophistry. Capital remains capital whoever possesses it. It is especially Karl Marx who has distorted the meaning of the word, and has tried to give it another signification than that which science has recognized. According to Karl Marx, the hammer, the plow, the machine, etc., are *instruments* if the owner himself makes use of them ; they become *capital* only when the owner places them in the hands of his workmen.



Some one will ask, does the classical school also admit historic laws, *i. e.*, temporary laws? Undoubtedly. Production by means of slaves has its laws, but these laws operate only during the existence of slavery. It may also be said that the law—the relation of cause and effect—is eternal, yet it is in operation only so long as there are slaves. It is the same with machines, with the telegraph and with all things which can have an economic influence.

One must not confound the law with the forms which it may assume or the applications which may be made. Societies are modified, they take on different aspects; but the question is always of men living in a society, with the relations which result therefrom; and the nature of these men has not changed, so long as we have known them, *i. e.*, in the years covered by history.

Should we infer from the fact that the classical school admits economic laws which are eternal, that it is opposed to progress? That would be a gross error. In the first place, it does not claim that these laws are good; it simply says, it is thus that the nature of man is presented to our intelligence, since there have been men and wherever there have been men. That which is not general and eternal is not a law. In natural laws we are not able to effect a change. Gravity, attraction, affinity, the need which living creatures have of food, etc., are facts which man must accept as the basis of his reasoning and of his actions. But for all that remains—and what remains is immense, infinite—the play of human thought and act, of tendencies, of aspirations, of effort, is free, and this play is so much the more active in proportion, as man has climbed the ladder of progress. In fact, climbing the ladder of progress means gaining a better knowledge of natural laws and the *power to make greater use of them*. Economists have always been very earnest for progress, and he who makes a contrary statement *calumniates* them.

A recent author seems to reproach the classical school for not having often made use of the term so much in fashion,

"Evolution." This author seems to be ignorant of the fact that "Evolution" is not a synonym of progress; Evolution comprehends childhood, youth, manhood, but it embraces also old age and decrepitude, which leads to death.

The word *individualism* is sometimes used to designate the doctrines of the classical school. If by that it is meant that the liberal economists are not socialists, then the expression is only a simple truism. If it is meant that the economists hold that society exists in the interest of the individuals which compose it, that is the expression of a truth which every one feels and acknowledges, and which does not prevent one from sacrificing himself for the general good. It has happened that lots have been drawn to determine who should devote himself to the general interest. Can we conceive of a society that is not composed of individuals? Socialistic society itself has no other aim than to procure more enjoyment for every one of the individuals who ranks himself under its banner.\*

Economists opposed to the intervention of the State have also been called individualists. Some have pretended to believe that economists reject absolutely the intervention of the State, and it is in this manner that the famous motto of Gournay has been interpreted "*laissez faire, laissez passer*." But this is an exaggeration. The economist admits the intervention of the State whenever it is proper, and he has never recommended *absolute* "*laissez faire*." The word "absolute" is a textual falsification. Events have unfortunately rendered the debates between this school and others heated, and in a passion one always goes too far. The aggressors so far forget themselves sometimes as to employ arms which are little creditable.

Finally, competition is likewise a characteristic of the classical or liberal school; however, outside of the communists, all the schools are brought to respect competition more

\* The opposition between the propositions: (1) Society is the whole, individuals are the parts of it; and (2) The individual is the fundamental element, a group of men forms the aggregate called society; a metaphysic subtlety; and the first proposition finds no practical application when the masses take part in legislation.



or less ; it is impossible to avoid it. In reality, the new schools are distinguished only by the greater or less repugnance which they exhibit in submitting to this necessity. They avenge themselves by insults. The classical school ✓ has, for a long time, committed the error of not separating with sufficient clearness, pure science from its applications. If it had done this it would have suffered fewer attacks, for all schools admit the dicta of pure science, for they are forced to do so. É. de Laveleye has said that scarcity creates dearness, abundance brings cheapness. Every housekeeper knows this. Is truth less true because it is common ? Every child knows as well as the most illustrious mathematician that two and two make four. What the housekeeper and the children do *not* know are the applications and deductions to which these elementary truths lend themselves.

Theory interests only a small number of studious men ; practice, that is to say, the applications interest every one. The effects of these applications extend further than one would suppose. In the first half of this century political economy, as it was taught in the books of J. B. Say, Bastiat, Molinari and others had to encounter but two kinds of adversaries—the socialists and the protectionists. But both were concerned more especially with the applications, with what the Germans call economic policy, and more recently, social policy, (*Wirtschaftspolitik und socialpolitik*).

Socialism dates far back in France, especially if we take account of the authors of Utopias. The St. Simonists were the first who attracted public attention, but without exercising any influence over the masses. The St. Simonists' doctrine seduced only certain youths of the upper class, for it was aristocratic ; it proclaimed, "to each according to his capacity." It was too fine ! Vertigo supervened ; the chiefs of the school fell into fantasticalness and the meteor vanished ; but not without some noise. Some of the adepts, followers of the school of St. Simon, Michel Chevalier, the brothers Pereire, became good economists in maturer life.

Pierre Leroux,\* a mystic, who first employed the word *socialism*, did not create a school. Buchez, the author of a "Treatise on Politics," and of a collection of documents upon the Revolution of 1789, originated, after or about the same time as others, co-operation, which was then called partnership† (*association*). His influence did not last. Fourier, the phalansterian, founded a school. His principle was very attractive. He wished to have labor become a pleasure and delight. Such a doctrine might have captivated the masses, but the masses had little knowledge of the works of Charles Fourier, for he wrote in a style intelligible only to cultivated men, who were willing to take the trouble to understand him. He had but few disciples, and among them Muiron, Considérant, Cantagrel, Pompéry, Pellarin, Bureau Tousserel, Bovier and some others made themselves known through their writings. Few partisans remain of this Utopian doctrine, which aimed at the happiness of the human race, an end, alas! very difficult to attain.

The first socialist who reached the masses was Louis Blanc. The first edition of his "Organization of Labor" (*Organization du travail*), which has been reprinted nine times, bears the date, 1839: he also developed his ideas in many other publications; for example "*Le Socialisme, Droit au travail*," (The Right of Labor) third edition, Paris, 1849, and "*Le catéchisme des Socialistes*," (The Socialists' Catechism") Paris, 1850. He proposes a sort of communism with notions borrowed from St. Simon, Fourier and Owen. He sets forth the rights of labor and recommends the erection of national workshops. What has made his doctrine acceptable to so many men is, that he says, not "to each according to his works," but "*to each according to his needs*." I knew Louis Blanc well, and have always found him a false reasoner. He should have known that it is morally

\* His principal work is "*De l'humanité, de son principe et de son avenir*," 2 vols.; Paris, 1839. Second edition, 1845. "Socialism" is discussed by him in the *Revue Sociale* (1845).

† Sometimes a distinction has been drawn between partnership (*association*) and co-operation, but it has never been generally understood.

and physically impossible to procure for all men the satisfaction of all their "wants." There are so many fictitious "needs," and these multiply with the real or imaginary ease in satisfying them. This from the moral point of view, as to the physical possibility, one might, perhaps, promise dry bread to all men, especially in abundant years; but one could not give every one meat and wine. There would not be enough of these commodities upon the earth for each one to have his share. And how many other desirable things are still more scarce!

About the same time Proudhon appeared, a man with great talent as a writer and one who loved to astonish the reader with the grandeur of his paradoxes. Every one knows his famous pamphlet, "Property is Theft." (*La Propriété, c'est le vol!*) He had a celebrated discussion with Bastiat upon interest as gratuity which did not reflect great glory upon him. With such an idea he could not gain very serious adherents, because those who possess and those who do not possess capital know equally well that property cannot be lent gratuitously (except through kindness to a friend) and the idea of creating money by means of a printing press could not take root in France, where so many families had been ruined by the assignats of the Revolution. The idea of exchanges in kind by means of certificates of labor (instead of money) was too retrograde to charm\*. Proudhon also wrote "Economic Contradictions" (*Contradictions économiques*) but this work was not intended for the people. The author amuses himself in playing with hegelianism, thesis, antithesis, synthesis. It was not very interesting to the masses, but was, perhaps, suggestive to a small number. The book aroused discussion, but I do not believe that it contributed to the advancement of the science. One of his other books (they are so numerous that they cannot all be mentioned here) "Anarchism," helped, with the aid of Krapotkine's

\* It is possible that it was from Proudhon that the socialists derived the idea of paying labor in paper certificates.

work, to bring into existence the anarchist class ; and that will not add laurels to the memory of Proudhon.

In a word, the socialistic schools of French origin have exercised no sensible influence upon economic doctrines, nor have the advocates of protection. Moreover, the protectionists gave no attention to theory ; they sought to prove the necessity of import duties by insisting on the superiority of English goods or on the need of preserving the home market. Thiers said : " Great energy is expended in discovering arguments for the system of protection, but there is but one, and that is very simple : it is the preserving of the home market." Among the writers in France who, previous to 1870, wrote in favor of protection, may be mentioned Lestiboudois, Fanconnier, Burat, de Mesnil-Marigny, H. Richelot (the translator of List), Hervé-Bazin, and even the former Duke de Broglie. But since it was a matter of practical questions, it was rather in parliamentary discussion and in the newspapers that the opponents of free trade expressed their views.

An exposition of these ideas is to be found in the well-known works of the late M. Amé, former Director-General of Customs, upon the history of import duties in France (Paris, Guillaumin, 1877). We learn there that it is usually interested parties who defend their particular industries. Sometimes, too, they have taken occasion to attack the doctrines of the economists, but so vaguely that these attacks could be scorned. Take, for example, a passage from Amé ("*Étude sur les tarifs des douanes*," vol. ii. page 225, chap. xxi.). During an interpellation of the ministry in 1868, after the treaty with England, a deputy, M. Kolb-Bernard, attacked political economy in these words : " Humanity wishes enjoyment. . . . There was formerly in the moral world a principle of sacrifice, from which rules of sobriety and moderation in the general practice of life, were derived. . . . The spirit of sacrifice has been repudiated as an insult to the law of progress. For necessities, which have their moral limit, enjoyments have substituted, which have

none. The necessary has advanced even to the superfluous. Luxury has been proclaimed a social force. Its morality has been made to depend on its utility. It is no longer duty, it is enjoyment, it is cupidity which have become the motif of labor. This is the basis upon which modern economic science rests."

But is not all this empty and irrelevant rhetoric? And these fine phrases upon the cupidity of others (who nevertheless, asked for nothing), are they not intended solely to justify their own greediness; for customs-duties demanded by the protectionists had no other aim than to enable them to sell their commodities for a higher price, that they might enjoy the luxuries that riches give, and this at the expense of their fellow-citizens. It is obvious that this selfish polemic can not influence the views of economists. It leads to no new economic law, to no relation of causality, to no moral principle, to no new application. Besides, it does not reach the foundation of things, and, when the circumstances were favorable, customs-taxes were raised without taking the trouble to construct a theory. Far from it. More than one militant protectionist has said, "I am, in reality, a free-trader; but at present the general interest calls for protection."

In the third quarter of this century a current of thought was set in motion, very feeble it is true, and not reaching the masses; but one which ought to be mentioned here; I speak of the Le Play school. I knew its founder and I was not in sympathy with him; but he gathered around him zealous disciples, drawn toward him, doubtless, by the Catholic religion as much as by his economic doctrines. He did not really occupy himself with pure science, being, indeed, rather a moralist than an economist. Even in this capacity, in the opinion of good thinkers, he was frequently wrong. To establish a family, he wished to give to the father the right to create an heir, "*faire un aîné*" by devising his fortune to one of his children, imagining that this would point a moral to the others. In France, owing to remembrances

of the *ancien régime*, as well as an ingrounded sentiment of equality—and, let me add, through love of justice—we prefer that generally,\* the father should treat his children alike. But this point has not really the importance which Le Play attributed to it. Innumerable cases since Cain and Abel could show as much evil as good resulting therefrom. Although Le Play was much in sympathy with the Middle Ages, he did not advocate the corporations of arts and trades (guilds); he preferred freedom of labor (as do the economists); but he recommended *patronage*, that is to say, the establishment by the employer of institutions useful to workmen. Unfortunately, these institutions do not yield the good that Le Play expected from them. He hoped to gain something also from co-operation, but not much. One of his disciples thus expresses the view of the master upon this point. "The obstacle which will always oppose itself to the unlimited development of co-operative societies for production is, that they do not suit the masses; lacking as these do the moral qualities required by all collective action; nor do they suit energetic natures who feel themselves capable of standing alone. They favor exclusively that restricted class of workmen, who, by their good conduct, adapt themselves readily to the exigencies of co-operative labor, without possessing the initiative indispensable to success under the régime of liberty."

Le Play has given much attention to monographs upon the family and the workshop. He first published "*Ouvriers européens*," afterward "*Ouvriers des deux Mondes*." These monographs—*ab uno disces omnes*—claimed to present the people by means of what were considered, sometimes erroneously, as types. But this claim does not seem to me well founded. I have discussed this point with Le Play, preferring to rest upon numbers rather than upon units, and the learned engineer could not refrain from partially indorsing my views by admitting that both methods were equally

\* The Civil Code (Art. 913) gives the father a certain latitude by which he may grant advantages to one of his children.



good ; but he nevertheless limited himself to writing or promoting the preparation of monographs, without resorting to statistics.

The *Society of Social Reform* which Le Play founded in 1856 continues to follow the same defective plan. One of his disciples, now the president of this society, M. L. Cheysson, has recently published in collaboration with M. Alf. Toqué a work entitled "*Les Budgets comparés ou cent Monographies de Famille*" (Comparative Budgets or a Hundred Family Monographs). Now, let us refer to page 108 et seq., which relate to the workmen of Paris, and make comparisons. We will take (page 110) but two types, the tailor and the weaver of shawls. No two amounts bear any analogy. We shall find that the tailor spends 667 francs 50 centimes for food, besides his housekeeping expenses (20 per cent of the outlay) : the corresponding expense of the weaver is but 67 fr. 70 (3.1 per cent). The stone-cutter, the longshoreman and others spend nothing outside the house expenses. Can the tailor, the subject of the monograph, be called a type ? Do the majority of tailors have heavy expenses outside of the household expenditures ? That would be a mistake. And where can one find the type of the workmen of Paris ? Until there is a new order of things, I do not believe that the "Monographs" contribute or will contribute to the solution of the social question.

The movement of economic ideas in neighboring countries exercised a very imperceptible influence upon France before 1870 ; for the doctrines which obtained here prevailed also in all other civilized lands. There certainly were dissidents and the United States even furnished one whose merit was generally recognized in Europe, and who had disciples there. I speak of Carey. I appreciated Carey and helped to make him known ; but I did not accept any of his ideas, though we have often discussed them together. But he has been a leaven. Agitators too have not been lacking among us. Paris, since 1842, has had a Society of Political Economy ; it was certainly founded by prominent members of the classical

school, but it has never rejected any one because of his opinions, not even protectionists, although they are in a minority. I know a Fourierist there and dissenters of different degrees. This diversity of views renders that "clashing of opinions" common which, according to the proverb, "strikes the light." Then to the monthly meetings where there are discussions after dinner, foreign economists are welcomed. They have always sought distinguished strangers, who have no trouble in gaining admission; and they are listened to with pleasure if they have anything to say. There has never been stagnation of ideas among them, but the progress realized has not made any great impression, less because it was feeble than because it did not reach the root of things. Fundamental principles have maintained themselves, but applications have been developed. So that many times profit-sharing, co-operation and other questions have been the order of the day.\* Lassalle, who died in 1864, and Karl Marx, who died in 1883, produced an agitation which was felt even in the economic world that had the least sympathy with agitators who held views which were rather political than economical.

The *International*, founded by Karl Marx long before 1870, created in the sixties a certain socialistic movement in France, at that time well restrained it is true by the government; but a movement which did not influence the economists, because there was too great a difference in doctrines of the two. In order that socialists could act upon French thought, their ideas must undergo a metamorphosis which approximated them to economic doctrines; or, more exactly, it was necessary to remove as far as possible that which was too revolutionary and repulsive. This metamorphosis took place in Germany. I venture to tell in a few words how it has been accomplished, for I have watched it from the beginning and followed it, so to speak, from day to day. At the time

\* From time to time the discussions of the *Société d'économie politique de Paris* have been published in the *Journal des Economistes* (Guillaumin); later in *l'Economiste Français*. They are now published separately. The collection can be obtained complete.



when Lassallé began his career as a popular orator a certain number of German professors of political economy, who to-day shine in all their glory, were young men. Young men, especially if they are cultivated, are often generous minded, or allow themselves to be captivated by generous ideas; but as they lack experience, they also are easily attracted by appearances and fail to take account of possibilities. These young professors, attracted by the glowing phrases of the ambitious agitator Lassalle,\* and inspired also by the works of Karl Marx and other reformers, set themselves to teaching doctrines highly flavored with socialistic propositions. Some attacked with violence the principle of private property; almost all expressed themselves in favor of the workman, and with an avowed partiality. It is this which brought to them the surname of cathedra-socialists.† These professors by participating in the polemics of the day abandoned the field of science; they found themselves restricted there. Science is primarily occupied in studying the relations of cause and effect, laws and general principles; and if, by reason of these studies it finds that certain effects cause suffering, it contents itself by giving a passing counsel to those who suffer, considering that it is to art, to practice and not to science that action and especially benevolence appertain. The partisans of science have had, perhaps, too much confidence in human nature and taught that it was essential to human dignity that everyone should extricate himself from embarrassment by his own efforts.

There was next formed in Germany a new school, which called itself sometimes historical, sometimes ethical, but might more justly be called the paternal school.‡ It made an active attack on the classical school, which was composed

\* To Lothar Bucher is attributed the assertion that in 1864 Lassalle began to see the hopelessness of his efforts and was on the point of abandoning them.

† *Kathedersocialist*, a word invented by Oppenheim. They, on their side, invented the word *Manchesterschule*, which was silly enough, for neither Cobden nor Bright had advanced anything new.

‡ For two reasons: (1) Because it does not recognize liberty as a right; (2) Because it exaggerates the mission of the State.

of the more or less faithful disciples of Adam Smith, Ricardo and J. B. Say. The chief reproach brought by the new school at the first meeting of its partisans at Eisenach, in 1872, was that the older school spent itself in sterile theories and did not attempt to ameliorate the condition of the lower classes.\* The new school desired to devote itself chiefly to social reform. This aim was very well in itself, and the theoretical school might have been usefully supplemented by a practical school; they might, perhaps, have shared the work amicably, division of labor being a means of progress. But the young reformers became too aggressive and thought it their duty to attack theory itself in order to justify certain peculiar views. Then stormy controversies occurred, but since then the reformers have learned that their profession had its difficulties, and that the economists, their predecessors, have not always been wrong. The views of the two schools have thus, to a certain extent, approached each other. Be that as it may, as these young professors did not accept the whole of the socialistic opinions put in circulation by Lassalle, Karl Marx and others, as they spoke with talent and with a certain moderation, as they held the high and honored position of professors in the university, they became the bridge by which socialism could pass into the scientific world of many neighboring nations. And who knows whether the recent victories of the German armies may not have been of some influence? One particular, fortuitous circumstance contributed more than might have been expected to spread the doctrines of the new school. This was not the love of something new, not the spirit of imitation—two great forces in this world; it was the friendship of Lothar Bucher for Lassalle. Bucher had at one time a great influence over the most powerful man of the period, Chancellor Bismarck. He presented Lassalle to him, and he certainly aroused a certain interest in the mind of the German Chancellor. This interest evoked the idea that there was, perhaps, a grain of truth

\* This reproach, as can easily be shown, was not entirely deserved. Many attempts have on the contrary been made by it.

in socialism ; if it were given a little indulgence there would be all the more reason to strike it sharply, if, after having received this indulgence, it lifted its head too high. This indulgence took the form of insurance against sickness, insurance against accidents, insurance in case of infirmity and of old age, and in other laws of less importance. I shall not consider here what there is of good or of bad in these innovations, which have helped to spread the expression and the idea of "State socialism ;" that is not my task—I wish only to exhibit the facts, the events which had an influence upon the movement of ideas in Europe and particularly in France. Those grandiose creations, (which aided in propagating the democratic socialism they were intended to combat), contributed to make known and to give importance to that cathedra-socialism which appears to be identified with State socialism : or, if you please, the one became the theory, the other the practice. France was an attentive observer of this movement and none of its manifestations escaped her.\* Economists who may be considered as belonging to the classical school were moved by it, but, on examination found that the German school—or schools—scarcely touched pure science. These, indeed, commence by saying that there were no economic laws, or that these were merely a farce, but for some time they have ceased to deny them, and admit that they are founded in human nature. Hence, French economists saw no reason for sensibly modifying their theories, and especially since there were among themselves notable differences of opinion which, however, did not prevent them from continuing to class themselves together as disciples of the classical or liberal school. They accepted the ameliorations of detail brought from Germany or Austria without hair-splitting or opposition. But it was not toward pure science, I repeat, that the German economists, called "*Sozialpolitiker*," specially turned their attention ;

\*Without speaking of those writings which treat incidentally of the movement of foreign thought, I have for forty years published every three months in the *Journal des Economistes* a review of the principal foreign economic publications. I have besides devoted special and extended articles to the new German School.

but, as the word *Politiker* shows, toward the side of practice, French economists (and a minority of German economists have remained true to this view) have reclaimed a large field, the largest possible scope for the free initiative of the individual, and they leave to the State only its natural attributes, matters of general interest, security, and such things as are beyond the reach of the individual.

The German "*Socialpolitik*" school, moreover, attributes to the State a particular mission, that of regulating in detail the relations between citizens, and notably, of putting itself on the side of the weak against the strong, the feeble being the workman, the strong, the employer; and this principle, which has a certain degree of legitimacy, they exaggerated to the utmost. I must add that if, frequently, the workman is weaker economically than the employer, it is only when he stands alone. When workmen are organized, and they are organized almost everywhere now, they are at least as strong as employers, sometimes stronger.\* We may even say that before the law the workmen are always stronger. I do not speak of the violence they may exercise; they are stronger, because in many cases the law can do nothing with them, precisely because they are not rich. To cite a single example: If the law prescribes under penalty that eight days' (or more) notice shall be given, in advance of the breaking of a labor contract, and the employer suddenly dismiss the workman, he will be forced to pay the fine or indemnity; if the workman break the contract without notice, he will pay no penalty. Here, then, the workman is the stronger, because justice has no hold on him.

Now the French economists do not admit that we ought to recognize any inequality before the law.† Weakness

\*It is not to be forgotten that, if during a strike, the strikers by violence prevent other men from working, *laissez faire* on the part of the government is contrary to its duty.

† That does not prevent certain decrees from granting privileges to workmen. The Municipality of Paris does not allow itself to be troubled by this principle; but that is not a question of scientific theory; one favors the workman that one may be re-elected counsellor with a salary of 6000 francs—and for other advantages.

must be met by benevolence. The laws should accord special protection only as a police precaution or as a measure of humanity, and not as an element in economic organization. In the economic world, it is sometimes one, sometimes another, which is strongest; a good or a bad harvest, for example, may cause a change of sides; and who can say that this movement is not essential to the social well-being.\* The waves rise and fall alternately; untroubled water easily becomes stagnant. If the State intervenes, politicians interfere; there will be a hot-bed of injustice; force will overcome right. If the law favor the workman, if it accord to him superior power, matter will seek to rule over mind; there will be decadence—with or without a dictator.

The classical school in France then has not been conquered by these new ideas; it has accepted successively, certain views; it has been among the first to make experiments in co-operation; it has sustained the mutual aid societies, pension funds, saving banks; it has recommended the assistance of workmen by employers; it has even insisted in more than one instance on the duties of the rich, and all this without making any advance toward State socialism. It has continued to hold the standard of freedom high and firm, without being turned from its course by circumstances which seemed unfavorable. Among these unfavorable circumstances I will cite only one. France has an insufficient number of men who choose a career of political economy. France has a great number of Chambers of Commerce, and each Chamber needs a well-informed secretary, and above all one who is well grounded in economics. Half the work rests upon the secretary. A small number of these men seem well chosen, but scarcely one of them publishes anything, yet they should be especially well situated to study industrial and commercial questions. Among the secretaries of the German Chambers of Commerce are many writers; the celebrated Soetbeer, who has recently died, was formerly secretary of

\* Accident, health and sickness, talent and the lack of it, etc., etc., are felt everywhere in life.

the Chamber of Commerce of Hamburg ; and among the secretaries of to-day we find young scholars bearing names made illustrious by their fathers ; for example, Roscher, Soetbeer, Emminghaus and others. There are also the economic collaborators of newspapers, certain officials, certain politicians who give time to economic study, though not so much as could be wished. Some are specialists, and give attention only to details.

Some one will ask : And the professors ? The teaching of political economy has been backward for a long time in France. Those in power, who were generally protectionists, have not been very amiable toward economists who believed in free exchange and defended free trade with ardor. There was first only the Chair of J. B. Say in the Collège de France, a Chair which was held successively by Rossi, Michel Chevalier and Paul Leroy-Beaulieu, the present incumbent. By degrees a second Chair has been established in the Collège de France for M. Levasseur. There are others at the School of Roads and Bridges and the School of Mines, at the Conservatory of Arts and Trades and at commercial schools. These Chairs render service, but they are too few. Let me add that there are two kinds of good professors (I do not speak of those who are not good) : one content themselves with teaching well, and to do this consider it sufficient to keep well informed in science, and to prepare their lectures properly ; the other endeavor to advance and make progress, to extend their influence and to write. When the number of professors is small, the number of those who contribute to the advancement of science will be exceedingly small and progress will suffer. Is not result always proportioned to means ?

This reason and the desire to render political economy more accessible to men who might seek advanced instruction, led the Society of Political Economy of Paris to petition the government to establish Chairs of Political Economy in the universities. The result was, that beginning with 1876, professorships of political economy in thirteen Faculties of Law



which exist in France, were successively established, and the students in law were obliged to pursue the course.\*

Here then is one point gained, and a very important point; but there is another not less important: where to find professors. We could not do as they do in America. I have had the opportunity to see a certain number of young American scholars who have devoted themselves to economic teaching; they came to Europe, took courses in Germany, France and elsewhere; and when they returned to their country they knew the chief languages of Europe, they were well informed upon the economic literature of the several countries; had seen many things with their own eyes and were suitably prepared for their duties. And if some of these young scholars caught a little of German Kathedersocialism, they are working to rid themselves of it and to follow a way of their own with characteristic American originality. It is different in France. To be a professor in a Faculty of Law one must first be a Doctor of Law, then an *agrégé*. To become an *agrégé*, one must take a long and difficult examination with a preparation of two or three years after having received the doctorate: it is, moreover, a competitive examination; and it has happened that from twenty candidates only three, four or five would be elected. These, are then, well versed in law, but they may not know a word of political economy. At first it happened that the dean would ask of the *agrégés* which of them wished to give the course of political economy, already obligatory. Some one must sacrifice himself to it. This improvised professor would surround himself with a few books, prepare for each lesson, and thus the law would be satisfied, but not science. Since then some chairs have been filled by men who have devoted themselves to political economy and who will not exchange from year to year their course in economics for one in Roman or in criminal law. If the professors remain faithful to economic science

\* [Compare a paper on "Instruction in French Universities with special reference to Instruction in Public Law and Economics in the Law Faculties," by Leo S. Rowe, published in the *ANNALS*, Jan., 1892, vol. II., pp. 494-517; also issued as No. 47 of the Publications of the Academy.—EDITORS]

they can teach it ; but previous to the day when they assume their duties for the first time, their studies have in no way prepared them for their work ; for in order to succeed at the competitive examinations (*concours de l'agrégation*) one must devote himself entirely to the study of the law, which does not suffice to make one proficient in political science. Among the professors of the Faculties there was only M. Alfred Jourdan, professor and dean of the Faculty of Aix, who had mastered the political economy that he taught ; for he had added to his French studies two fruitful years at German universities. He made good use of his time, and knew German exceedingly well. He had in his library the best English, German and Italian works, and had selected them with judgment.\* He died comparatively young, which was a great loss to economic instruction in France.

Among other professors of the Faculties chosen since 1876 I mention first, M. P. Cauwès, who seems to know a little German ; he has published a large treatise on political economy entitled "*Précis du Cours d'économie politique*, etc.,"† in which there are many excellent pages ; but there are also those which are subject to criticism, even if we overlook the question of free trade, his tendency being toward protection. He is to be lauded for having endeavored to follow his own way, even if that way is not always good ; and every one must regret that M. Cauwès has abandoned political economy for a Chair of the History of Law.

Among the active professors, the one who attracts the most attention at this moment is M. Ch. Gide, of the Faculty of Law at Montpellier. He is a man of talent ; but does not seem to know German, at least nothing indicates that he does ; and if I dwell upon this point—the knowledge of German—it is because M. Gide speaks like a Kathedersocialist ; and yet one cannot know their doctrines well, if he does not know the language, and the more so, because the doctrines

\* He has published among other works "*Cours analytique d'économie politique*," Paris : A. Rousseau, 1882.

† First edition, 1891, 2 vols., Paris: Larose et Forcel.



are constantly being modified. M. Gide attacks the classical school with veritable fury, which makes him popular in Germany ; but he puts nothing in its stead. A very clear thinker has said, " We do well to destroy only that which we can replace ; " now M. Gide has replaced nothing at all. If you read his book "*Principes d'économie politique*," you find that he is skeptical ; he will hardly admit that a single thing is true. However, it is just to add that the distinguished professor, being of an enlightened and liberal mind, after having repeatedly oscillated back and forth, ends very often by designating as truth, the very point which the classical school always declared to be a proven principle of economic science. One or two examples will suffice to support what we have just said. In his "*Principes*" (2nd edition, p. 29) he says, speaking of the German school : " Neither can we share the skepticism which this school professes in regard to natural laws. Without doubt, economic phenomena vary in different countries and in different periods, but if one is to renounce the discovery, under their changing manifestations, of permanent relations, and general laws, the idea of making political economy a science must be definitely abandoned. *However dangerous to science presumptuous hypotheses may be, they are infinitely less dangerous than this confession of powerlessness.*" (The italics are mine.) There is no liberal economist who would not endorse this sentiment.

We can say almost as much of that which follows (p. 30). " In regard to that which touches the delicate question of the intervention of the State, we are in accord with the new, or German school, in recognizing in the continual development of the powers of the State an historic fact, and perhaps exactly one of those natural laws whose existence this school contests ; we agree also with the German school, that the State has the right and the duty, inasmuch as it represents the collective interest, to limit individual rights and to intervene with authority in social relations. *It must be confessed, however, that even to this day, the lamentable incapacity which the State has shown, even in the most civilized countries,*

*whenever it has dealt with economic questions, seems indeed, to justify the school of laissez faire ; and unfortunately it seems to me that this incapacity gives no evidence of lessening ; but quite the opposite . . .*\*.

I have given some examples of these oscillations ; the book is full of them. One thinks involuntarily of the hostile prophet (Balaam) who went out to curse and each time was obliged to bless. Other young professors seek to imitate these proceedings, by means of which they can attack their predecessors, retracing their steps, however, before it is too late, to do homage to the truth. It also gives a favorable opportunity for the frequent use of the word "evolution," now so much in vogue, a term which is used without a very exact comprehension of its significance. But these innovations are not favorable to an increase in the number of economists ; professors in the Faculty of Law will not contribute by their manuals and treatises oscillating between two modes of observation—with their *ifs* and their *buts*—to multiply students. Students are questioned upon political economy in their examinations and they will look in the books of their masters for the answers which they should give. But there, frequently, the solution is wanting. They read : it is white ; but it is perhaps black, too. They will often say to themselves, what a singular science ! learning by heart a few answers and thinking no more about them.

It is not thus that youth should be dealt with ; we owe it positive, assured results. The professor should be content to say : that is what is known. Almost all students will be content with that ; all educated men ought to have some notions of the principal branches of knowledge—"des clartés de tout" says a French philosopher. These notions they receive in their youth ; they remain in their memory, and that for life. They have learned little, but still something ; it is enough that it should teach them to comprehend events. Some continue their economic researches, study

\* The passage which I have italicized forms one of the arguments of liberal economists against exaggerated intervention on the part of the State.

profoundly, perhaps even advance the science. Under the régime of the modern oscillatory method, nothing remains in the memory, not even the word liberty, which the most stupid of the disciples of the liberal economists never forget.

But M. Gide knows indeed how to put his oscillations aside and to strike a blow from the shoulder without too carefully distinguishing between the true and the false. Thus he has sent a libel to an American review in which the false certainly predominates. This is especially true of the following which he says of the Institute of France: "The Institute does not desire—and we can well understand this attitude by putting ourselves in its place to commit itself to doctrines which it deems dangerous to the public order, by stamping them with its official approval and thus recommending them to the world." Without doubt, if some one should teach: Kill, steal, betray your country, the Institute would not approve the doctrines even if these were set forth in unimpeachable style; but if M. Gide intends to insinuate that the Institute recognizes only scientific opinions which are in conformity with the views of its members, I may say he calumniates the Institute. One of the most recent prizes conferred was in a competition upon Banks. The one who drew up the report, M. Courcelle Seneuil, who has recently died, was a supporter of the free establishment (or multiplicity) of Banks. He who received the prize, M. L. Smith, defended the unity of Banks of Emission. M. Courcelle Seneuil contented himself with giving in passing some arguments in favor of his own way of thinking. All good work is recompensed without reference to any pretended "orthodoxy;" there is none in science. Besides the members themselves of the Institute have various shades of opinion.

M. Gide is not just to the Society of Political Economy—of which he is a member—nor to the *Journal des Économistes*, which is very liberal. The former editor, Joseph Garnier, was so, and M. de Molinari is now, if I am

not mistaken. The *Journal* has received, if I remember rightly, articles from M. Gide; it has even admitted M. Paul Lafargue, the son-in-law of Karl Marx; I have myself had a controversy with him, in the *Journal*, concerning the celebrated agitator, his father-in-law. M. Gide and his colleagues afterward founded their own review, but they had trouble in sustaining it, and called foreign economists to their aid, especially German writers. Do they really imagine that it will suffice to read from time to time a fragment of Schmoller, of Brentano, or of others of that shade of thought, in order to penetrate the spirit of men so different from themselves? Then I pity them; they will labor in vain, they and more especially their disciples.

In these observations just made, I do not depart from my task, which consists in presenting the movement of economic ideas in France. I regret, however, that I have been compelled to add a bit of polemic. But is it my fault if a professor of economics adopts the attitude of an assailant and proceeds with a violence that would encourage the belief that he regarded himself as the victim of some conscious deception?

Besides the thirteen professors of Faculties of the State, some of whom might be somewhat disposed to imitate the German professors, if their books were accessible to them, there are the professors of four Catholic Faculties. I have questioned the most distinguished among them, M. Claudio Jannet,\* whose merit is recognized even by those who do not share his religious beliefs. He expresses himself substantially thus: Catholic economists are slow to profess a science other than that which the masters in these studies have formulated at the cost of long and conscientious labor. Natural economic laws are to them the expression of the plan by which God governs the world, while respecting the liberty of individuals. There can then be *a priori*, no discord between

\* He has published among other books: (1) "*Le Socialisme d'état et la réforme sociale.*" Second edition, 1899, Paris: Plon Nourrit et Cie. (2) "*Le Capital, la spéculation et la finance.*" 1892; published by the same firm.

these laws and the precepts of religion, which have the same God for their author. It is for loyal, scientific observation to seek these laws. Catholic economists therefore strongly repel that *empiricism* which holds that there is not a natural and permanent economic order, tending continually to reproduce itself. They reject the pretensions of socialists of all denominations who think *they can organize society* according to the conceptions of their own imaginations. Yet they emphasize particularly the necessity of struggling against the evil which tends incessantly to seize upon society as well as upon the individual. Recognizing the action of this tendency to evil and knowing that the development of human life is not bounded by this earth, they are not astonished at the imperfections of economic order nor at social suffering; and they consider that a constant effort toward good and a continual increase in virtue and individual morality, will tend to advance economic order and to ameliorate the social state. It is above all in questions of "economic policy,"\* that the Catholic writers show their distinct character. Forced to give attention to the historic considerations which formerly rendered useful the guild system and the seignorial regime, they nevertheless recognize the superiority of the modern plan founded upon freedom of labor, exchange and contract; but this regime exacts, perhaps, a still greater display of moral qualities to prevent antagonism from developing among men, when each has become more conscious of his rights and of his own value. So they recommend the practice of assistance (*patronage*) on the part of the heads of workshops and establishments, mutual benefit societies, co-operation, professional associations; and as there will always be some who suffer, they regard with favor mutual aid societies (*patrimoines corporatifs*) for the assistance of small proprietors, artisans and their journeymen. They consider that charity, not imposed, but directed and animated by the Church, has always an important place in the economic order.

\**Volkswirtschaftspolitik*, in German.

This is the view of a very religious man. All liberal economists agree as to the necessity of giving assistance to those who suffer ; but the majority are of the opinion that the economic domain, where one produces, or acquires by means of labor or exchange, should be separated from that of charity, where necessities are obtained, not by production or exchange, but by free gift. It is at least a question of method ; and is, perhaps, a question of division of labor.

I spoke at the beginning of this article of the classical school, and we have seen that what characterizes it, is its scientific doctrines ; for there can be a divergence of opinion in respect to actual practice, without necessitating withdrawal from the school. Science leaves nothing to arbitrariness, it exacts serious proofs ; practice depends in a certain degree on individual calculation, and this in turn is influenced by events, by conjunctures, by environment, and why not also by the temperament of the individual, by his faculties and by the degree of his knowledge ? The applied science, that is to say, the practical economics, tends frequently to react against theories. This tendency has been seen in Germany, and may now be observed in England, in France even ; in fact to some extent everywhere, but without result. Fundamental principles have not been shaken. Wherever men have attacked principles they have had to content themselves by denying them purely and simply. But that produced little effect. Thus Cliffe-Leslie once discussed in the London *Atheneum* the principle of the least effort ; he sought to prove that man does not try to obtain the greatest result with the least effort, but he convinced no one. Others have wished to question the influence of supply and demand, equally in vain. Has not this principle or this law a close relationship with the effects of scarcity (dearness) and of abundance (cheapness) ? And these effects have very recently found their complete explanation in the final or marginal utility (*Grenznutzen*) of the Austrians.

In France certain statesmen and publicists have said : Let us leave science alone ; it is too well established not to be



proof against our attacks ; let us ignore it. Let us act as if it did not exist, and let us advance our practical ideas. It is thus that State socialism has acted. There have been powerful arguments in favor of this course, and they are summed up in the power of universal suffrage. This power is very great, and is at once material and immaterial in its nature. It is of a material nature to the ambitious, for it is universal suffrage which procures the honors and advantages which those seek who follow a political career. It is of an immaterial nature in that it induces imitation. Imitation is a great social power ; few persons resist the influence of example, above all, of a widespread example which has numbers to recommend it, if nothing else. Generally, one does not like to belong to the minority ; some, because numbers awe them, numbers seem to them to guarantee truth, wisdom, or advantage, at any rate ; others, because they feel themselves too much alone in a minority ; they feel almost ridiculous, and a French proverb says, "Ridicule kills." But it is the socialistic influence which dominates now among the masses ; not that they know the theories of Karl Marx well ; have the masses in fact ever known thoroughly the dogmas of their religion ? They believe in a general way, and follow the men who have their confidence ; and these men promise them a greater share of the goods of this world. This is all that nine-tenths of the voters understand. The leaders make pretense of having a doctrine—collectivism—but they know that it is, in reality, impracticable and unrealizable. Every one of them, Karl Marx and all his successors, have recoiled before a compilation of a comparative table of *skilled labor* (how many days of unskilled labor equal in value a day of various classes of skilled labors of the locksmith, of the watchmaker, of the inventor of the physician, etc.) ; and so long as this table of labor is not made, collectivism is not applicable, for it is according to this list that social labor is valued and paid, and so long as the socialist leaders do not apply themselves to the preparation of such a table they show that they do not believe in the advent of collectivism.

Beside this rude socialism of the masses, there is that of the middle class, that of the upper classes ; and this aristocratic socialism, this "good" socialism, is simply a modern garment given to venerable charity, or again, that utopian aureole which succeeds to the religious aureole which has always surrounded benevolence, humanity, love of one's neighbor. These utopian sentiments exercise to-day a great influence over men of the most diverse tendencies. Such sentiments are at least disinterested, or have that appearance. So, then, there is much economic practice without much attention to theory, and if theory looks as if it would grumble, the label is changed, and instead of "economic" "social"\* is used ; and if one has a tender heart, he deludes himself, and is persuaded that it is good. Even economists, well founded in their principles, allow themselves, if not to do as the Romans do, at least to make concessions. They can do this without a blush, for practice always leaves a certain—sometimes a great—latitude to individual taste : one can waive a portion of his rights. Upon the limit to place in this matter, nothing is yet decided. Opinions are fermenting ; and we must wait until they are clarified. Only the masses—or rather the demagogues—ask too much : all that they ask cannot be given them. If there be a struggle, if violence occur, then economic laws will show that they may become dormant but do not perish, they punish those who transgress them.

I should have been glad in closing to mention a certain number of contemporary economic publications, to show to what measure the dominant influences had acted upon the authors of to-day who have remained faithful to liberal principles, while making concessions in the matter of practice. It would have been interesting to note these concessions, which may sometimes be involuntary and unconscious of the modifications of doctrine which are the result of reflection or of new experiment, of an "Evolution," as an

\* The distinction between economic and social is not, perhaps, so apparent in America as in Europe.

extremely modern man would say ;\* but such studies of texts exact much space for the writer and much patience for the reader ; we will abuse neither the one nor the other. As everywhere, economic study in France is to-day in a state of transition ; let us hope that it will emerge with new strength and brilliancy.

\*I have several times attempted to make such comparisons in my work, "*Le Progrès de la Science économique*" (Paris, Guillaumin).

MAURICE BLOCK.

(Paris).

[Translated by CORNELIA H. B. ROGERS ]

## THE RELATION OF ECONOMIC STUDY TO PUBLIC AND PRIVATE CHARITY.\*

The purpose of this paper is the discussion of certain aspects of the study of economics, especially this question:—

Of what avail is the study of economics in the practical work of dealing with the problems of poverty? In putting the question thus, I am, perhaps, making too great a concession to those who demand from study of any sort immediate results in hard cash or some equally obvious medium of exchange. Such persons must always remain strangers to the pleasures of the pursuit of truth for its own sake rather than for the sake of the profit that it brings, and strangers also to the real enjoyment derivable from the getting of knowledge ostentatiously useless.

Among the numerous inconsistencies in which we are apt to detect each other, there is the inconsistency of feeling more interested and excited about things remote than about things near; and at the same time demanding in connection with things near, that every thought about them shall pay in some definite form. We expend our compassion and our money in sending missionaries to the heathen of other countries, or in alleviating the miseries of Russian Jews, or Christians of the Lebanon, while we manifest some impatience at the demands upon our time and our purses for the service of our next-door neighbors. The closer things are to our vital interests, the less they interest us. We see too much of them, and have them thrust in our eyes until we are weary of them. Things that are familiar bore us to death, even though we may run the risk of their doing us to death in some other way. The commonplace does not excite

\* Inaugural Lecture delivered before the University of Toronto, February 6th, 1893.

us, because it is commonplace. What excites us is the novel, the uncommon, the unfamiliar. Now, here, perhaps, is the reason for the prevalence of the notion that political economy is "the dismal science." Because it deals with the common place, because it has to do with the familiar, it is dismal, and for no other reason.\* It is true that economics opens a new window through which we may, if we will, look out upon life; but the window is glazed with no garish colors, there is no inviting label to make us aware of the treasures that lie within.—There is indeed a label which is traditionally repellent—hence the popular view which, like most popular views, is partly justified and partly erroneous, that economics is a dull affair, that it is a study by dull people, of dull people, for dull people.

In so far as economics is regarded as dismal because of its relation to every-day life, there is no help for it; in so far as it is dismal because it throws little or no light upon practical problems, there is no excuse for it. Let us see how far and in what way the study of economics can throw light upon practical affairs. But first—What is the relation between practical affairs and science of any kind? Is it not this? The region of practical affairs is the region of action—it is the region of art in the widest sense. The region of science is the region of thought, of action too, no doubt, in the sense of experiment and observation, but still essentially the region of thought, of logical continuity, of guarded progress from one proof to another, of careful employment of theories and hypotheses. In science we think and talk about its principles and classifications. In art we have no occasion to talk—we have to do it. Art like charity, is to be done, not to be talked about. It were childish to discuss the opposition of science and art,—the opposition of theory which is in the region of science to practice, which is in the region of art. They are not opposed, one is the complement or the fruition of the other. Two theories may be opposed as two

\* Cf. Helps "Social Pressure." p. 255.

methods of practice may differ, but there is no such opposition, in reality as that which underlies the phrase "It is all very well in theory but it does not work out in practice." Where this phrase is employed it will be found that there is something loose in the theory, some error in the method of working in the practice, or a total want of harmony between the conditions presupposed in the theory and those which actually accompany the practice. In any case it is a loose and inaccurate phrase suggesting an opposition which has no counterpart in reality. Science and art, theory and practice are then not opposed, though they are different. One is concerned with executive power—with action, with the emotions, with the muscles, and the other with thought, with orderly arrangement, with opinion, with criticism.

Now, though political economy is held by some to be an art as well as a science, and perhaps rightly so held, we must not confound the methods of the science of political economy with those of the art of political economy. The science of political economy is the province of the economist, the art of political economy is the province of the statesman, or the practical administrator in civic, national or international economic affairs.

The functions of the two classes of persons vary widely; the two classes may be of mutual aid, they may be of mutual hindrance. The two functions require different orders of mind, different aptitudes and different studies.

An excellent economist may make an indifferent statesman, not because "what is all very well in theory will not work out in practice," nor because the study of economics is of no use to a practical statesman; but, because the qualities which have enabled the economist readily to grasp scientific principles are not those which as a statesman he is called upon to exercise. Power to grasp scientific principles is a valuable quality in any man; but the statesman must have other qualities beside, he must have the capacity and the habit of control, he must have the magnetic power to bind



men together and to lead them his way. He must be a man of action. It were as unreasonable to demand of the economist administrative ability as to demand of the statesman intimate knowledge and grasp of scientific principles.

Yet it is of the greatest importance for the economist to know, and to know exhaustively, the methods of practice, however little he may share in them, as it is for the statesman to know, and to know exhaustively, current theories of political action, however little he may be able or desirous to take a share in thinking them out.

The statesman, politician, town councilor or other representative of the people who takes part in public economics and who, nevertheless, passes the study of economics by on the other side does so, not because there is any opposition between sound theory and sound practice, but rather because being a man of action he has no aptitude for abstract thinking, and no wish to trouble about it. The average man does indeed confine himself to one or other sphere of activity—to practical government or to the study of systems of governments.

It will perhaps now be evident that objections to the economist because he is not practical are as valid as, and no more valid than, objections to the politician because he does not offer unbiased statements of theories of government instead of party speeches.

All this may seem rather elementary, yet, perhaps, at no time has there been more need to emphasize this distinction between science and art than there is now. If we are to build up a science of economics we must do so with our eye on, but with our minds and voices away from, the market place or the hustings. We must have as little emotional interest in this or that theory, or this or that policy, as we should have in the examination of the evolutions of an oyster feeding under a microscope or in the discussion of the succession of the rocks in our neighborhood.

One has often tried to get some account of a battle or of a campaign from a private soldier, but always without success. He knows only marchings and counter-marchings, knows that one night he lay behind a hill and that the next morning his regiment charged over a plain. This is all. Any student of history knows more of battles than the soldiers who were there, who are not students of history.

Thus, in the turmoil of party politics, in the midst of the struggles of Conservative and Liberal, Republican and Democrat, N. P. and "grit," we here at least may be tranquil, but observant. The onlookers see most of the game.

This then is the rôle of economic science in the study of practical problems, it is to give a man that sane and all-round view which our dual system of party government tends to prevent him from having; it is to show a man that the result of his action is at the best uncertain, but that in proportion as step by step he reasons rightly and comprehensively, he is the more likely to bring his action to good issues. The study of economics makes a man modest, would make even a politician modest. For it brings him into the presence of the vast social and material forces with which in any action on the large scale he has to reckon. It makes him realize how complex are the issues of life, how numerous the cross-currents, how many forces may conspire to defeat his best aims.

And now, in this attitude of theoretically the most perfect independence, the most absolute indifference to the immediate or remote results, the uttermost absence of what the world calls "sentiment," let us regard the problems of poverty.

The first question we must ask about poverty is—What is the meaning of the word? The dictionary does not help us much, though it gives us a number of synonyms. While every one has a general idea of what is meant by the expression, we should find considerable difference in ideas as to what constitutes poverty. If our scientific method is to

avail us at all, it must first offer us the means of obtaining a more definite idea of the range and meaning of poverty than is offered to us in the language of every-day life. It must provide us with some gauge for determining the degree of poverty and with some method by which we may discover where poverty comes in in the general scheme of things and what brings it there.

Like all early inquiries, the early inquiries into poverty regarded it as an isolated fact which might be considered apart from the other facts of life, and described it as a disease due to one or two specific causes, and capable of being dealt with by one or two specific remedies.

But just as the study of physiology,—the study of the normal action of the functions of the organism preceded pathology,—the study of the morbid action of the organs, so the scientific study of diseases of the social organism—social pathology we may call it—was necessarily preceded by study of the normal action of the economic functions. It was necessary for us to have the study of the wealth of nations before we could have the study of the poverty of nations.

Technically the study of wealth is in the departments of production and distribution—the study of poverty is in the department of consumption.\* Poverty is unsatisfied need. The need is there, the resources to satisfy it are not there.

Poverty is thus the condition of those who live at a low level, whose food, clothing and shelter are relatively inadequate—relatively inadequate—for if they were absolutely inadequate, those who found themselves in that condition would perish—inadequate relatively to the resources and consumption of those who are living at a higher level.

Poverty is simply the shady side of life, and we cannot understand that unless we understand what life is and how it is now being lived by the people. We must, therefore,

\* While inadequate production or a defective system of distribution may produce poverty, neither will determine the depth and range of it.

look upon the study of poverty as being part of a large whole. This is the central idea of the modern study of poverty. It is a part of the study of the economic life of the people as a whole.

The methods that are now being employed in the study of poverty are simply the methods by which other sciences than economics have succeeded in enlarging the domain of knowledge, viz., observation, induction and deduction. The same order of skill with which beasts, birds, fishes and insects have been classified and arranged is at last being brought to bear upon mankind. It is beginning to be possible to understand ourselves.

This orderly scientific method is rather the outcome of the general movement than the offspring of a single investigator. It has, indeed, not sprung into existence in a moment; but is rather a development, many workers having been devoting themselves to a close and systematic study of economic life, some of them even without being aware of the importance of the work they were doing.

I desire to suggest the need of adequate coördination of the results of such inquiries, rather than to make a premature attempt at coördination. It seems essential that the order of facts whose interpretation is desired should be widely understood. This order of facts may perhaps be most effectually gathered from an account of two different but parallel investigations.

One of the leaders in the new method of the study of society was Frederic Le Play, who, in 1829, began the series of family monographs which has been carried on by his disciples over the period of sixty-four years that has elapsed since then. It is not my purpose to give an exhaustive account of the method of Le Play. I shall endeavor merely to indicate so much of it as may suffice to show its place in the study of the problem of poverty.

The chief feature in the method of Le Play is the comprehensiveness and minuteness of its view of social life. It

takes as its starting point the idea that the unit of society is the family, and that the plexus of social forces can only be inductively studied by means of microscopic observation of a great number of these units. The family, then, must be examined in detail with scrupulous care, and its environment, heredity and characteristics exhaustively catalogued.

Thus, the three chief heads under which the investigation must be carried on are these :

1. The external condition of the family.
2. The status of the family, with its record of heredity.
3. The means and mode of existence of the family

It is the business of the observer to note :

#### I. THE EXTERNAL CONDITION OF THE FAMILY.

*The Place of Habitation.*—The features of the district ; the municipal government ; the provision of open spaces ; means of transit ; the physical characters of the district ; climate and natural resources.

*The Chief Industries.*—The mode in which these are organized—domestic or capitalistic ; exportation and importation from the district ; mode of land ownership ; division of property ; state of commercial property ; number of population, and trades of these.

#### 2. CIVIL STATE OF THE FAMILY.

*Constitution of the Family.*—Names and places of birth and death of members of the family.

*Religion and Moral Habits.*—Religious belief of the family and of the population in general ; influence of the clergy ; details of religious practices ; private observances ; domestic worship ; public worship ; sacred images ; ceremonies at marriage, birth and death.

*Domestic Virtues.*—Attachment between homes ; influence accorded to the wife in domestic affairs ; deference accorded to aged parents—measures taken to secure for them

a happy old age ; remembrance of dead parents ; affection to offspring—measures taken for their development, moral and intellectual ; treatment of domestics and animals.

*Social Virtues.*—Charity ; devotion ; disposition to hospitality ; spirit of conciliation in dispute ; politeness and harmony in social relations ; guild relations, friendly societies, corporations, trade unions ; deference and attachment of family to employer ; relations with devotees of other religions ; toleration.

*Moral Habits Relative to Mode of Existence.*—Inclination to own property in house, furniture and in clothes ; tendency to simplicity ; temperance in food and drink ; inclination to save ; terms of investment of saved capital ; mode of transmission of property to the period of old age and of death ; tendency to remain in place of habitation or to emigrate temporarily or permanently.

*Principal Traits Characterizing Intellectual Development.*—Knowledge communicated by primary instruction and by religious instruction ; special facts relative to the education of children ; the relation of the exercise of their trade to intellectual development ; use of museums in this connection ; attachment to tradition, or tendency to innovations in methods of labor ; relation of workmen to masters ; the attitude of the family to civil and political institutions.

*Hygiene.*—The habitual state of health of the family ; practices of ablution ; cleanliness or otherwise of clothes and houses.

*Medical Service.*—Aptitude or ignorance of head of family or of the wife to administer medical relief or to act as nurse ; superstitious or archaic practices or theories regarding care of health ; care of health of children by parents ; infant insurance, bearing upon health and life of children.

*Rank of Family.*—Relations of family with other families of employers or workmen in same locality ; conception of status of family by itself ; relation to strangers ; sociability or otherwise of family.



## 3. MEANS OF EXISTENCE OF THE FAMILY.

*Property Possessed by the Family.*—Immovables, movables, money, investments, tools, arms, domestic animals.

*Subventions.*—Charitable relief; payments by friendly societies or trade unions during sickness or want of employment; drugs; use of hospital, school and church, so far as these are free.

*Labor.*—Labor executed by the workman and his family for an employer; labor executed by the workman and his family for his own behoof.

It will be seen at once that here is something larger than simply an economic investigation; it is rather a sociological investigation of the most comprehensive character. It is, indeed, more than that, for it involves as well, topography, the study of the physical environment. While the details of the investigation are not such as might be undertaken by the economist in the strict rendering of the expression, every one of the points has its bearing upon the economic condition. The economic condition is indeed the resultant of these various forces and the condition cannot be understood without an investigation into the way in which it has been produced. It may seem a hard saying, yet it is true, that what we know about the economic condition of the populations of our large cities is mere vague surmise, depending upon the statements of a few persons in each city, untrained, as a rule, in rigid methods of induction, who form their conclusions from a field of observation, limited by their own casual experience. What we do need is detailed and continuous investigations along the lines I have sketched, with competent co-ordination of the results.

The method of Le Play is no visionary scheme, but is now being applied to the study of populations in several widely separated areas. Le Play's own monographs deal with society in some of the European countries and in the East, and the accumulation of material for co-ordination is still being carried on by the Le Play societies.

By far the most important, in point of positive results of the applications of modern scientific methods of research to the study of society, and specially to the problems of poverty, is the work of Mr. Charles Booth upon London. Mr. Booth has carried on his investigation, independently of the Le Play method, and on different, though somewhat similar, but less systematic, lines. He has conceived the idea of making an exhaustive study of the population of London—from an economic point of view. With this object he has already by the aid of an army of assistants, thoroughly explored a great part of London. He has made a careful investigation of a vast number of families and has gleaned not all, but a large number of the relevant facts about them. He has classified these facts and drawn certain provisional conclusions from them. His work is indeed, in most ways, a perfect model of what such an investigation should be. The conditions of each great city are so different from those of every other that not until we have before us similar investigations of other cities shall we be entitled to form definite conclusions about the poverty in them.

Early in Mr. Booth's investigations he found it necessary to devise a classification which might serve as a standard for the measurement of different degrees of poverty.

The standard is as follows :—

A. The lowest class of occasional laborers, loafers and semi-criminals.

B. Casual earnings—very poor.

C. Intermittent earnings,

D. Small, irregular earnings, } Together, the "poor."

E. Regular standard earnings—above the line of poverty.

F. Higher class labor.

G. Lower middle class.

H. Upper middle class.

These divisions are of necessity arbitrary. In different places, or at different periods in the same place, they would be denoted by different pecuniary amounts. Each division

is, however, sufficiently permanent in its central idea for practical purposes. In London, in 1886-89, when these investigations were made, the "poor," Classes C and D comprised those who have an income of from \$4.75 to \$5.10 (18s to 21s) per week for a moderate family; Class B comprises those who fall below this amount.\* The "*poor*" may be described as living in a state of struggle to obtain the necessities of life; while the *very poor* "live in a state of chronic want."

Here, then, we have a gauge by which to measure the standard of comfort of the people. The gauge is readily adjustable to any locality. What we need to do is by a general inquiry to fix the amount of the money wages applicable to each class with the relative numbers in family and then proceed to discover by minute inquiry what the standard of comfort is in each family over the different quarters of a city. This inquiry involves a vast amount of time and trouble, and must be repeated at moderate intervals; but without such an inquiry our knowledge of the people, of their standard of comfort, of what constitutes poverty, and the extent of it is quite vague and indefinite.

The results of Mr. Booth's investigations into the economic condition of a certain portion of the people of London reveal many interesting points. In the district chosen by him for investigation in the first instance, East London and Hackney, comprising an area of about seven square miles in the east of London, bounded on the south by the river Thames, on the west by the city and on the east by the Poplar marshes, there are about 900,000 inhabitants. Of these 64.8 per cent were above the line of poverty and 35.2 per cent were below it. Of this 35.2 per cent, or 315,000 persons below the line of poverty, only 6000 were inmates of institutions, so that over 300,000 persons were living in poverty in this area—one-third of the population.

But of these 300,000 persons living in poverty, 128,000, or nearly one-half, were earning regular low wages; 74,000,

\* C. Booth. "Life and Labor in East London." Vol. I, P. 33.

or about one-fourth, were making irregular earnings; 100,000, or one-third, were making casual earnings; while 11,000, or 4 per cent of the poor, or  $1\frac{1}{4}$  per cent of the whole population of the district, belonged to the lowest class of occasional laborers, loafers and semi-criminals.

Here, then, it is clear that in studying the problems of poverty we have to deal not alone with those who claim public relief as paupers, or who claim private charity as beggars, but with the great army from which these classes are constantly recruited, the army of those who live at or under the line of poverty—a great army living at a depressed rate of life and tending to reduce the vitality of the whole population.

But Mr. Booth has done something more than merely discover the extent of poverty. He has made inquiry into its causes. The causes of poverty turn out not only to be numerous, but interactive. There is the principal cause and the contributing cause, there is the cause and the effect visible in the same person, or in two or more persons. Thus the poverty of a child may not be due to any fault on the part of the child, but to one or the other parent or both.

This strictly empirical investigation of Mr. Booth's reveals the following causes of poverty operating as principal or contributory causes:

Crime, vice, drink, laziness, pauper associations, heredity, mental disease, temper, incapacity, early marriage, large family, extravagance, lack of work (unemployed), trade misfortune, restlessness (roving, tramp), no relations, death of husband, desertion (abandoned), death of father or mother, sickness, accident, ill luck, old age.

It is difficult to give a fair idea of Mr. Booth's investigations from his voluminous tables. But, out of 1000 paupers in Stepney whose cases were carefully investigated individually it was found that old age was the chief principal and contributory cause.

Old age was the principal cause in 32.8 per cent of the cases.

|   |                |
|---|----------------|
| Sickness, . . . . .                         | 26.7 per cent. |
| Drink, . . . . .                            | 12.6 "         |
| Accident, . . . . .                         | 4.7 "          |
| Trade misfortune, . . . . .                 | 4.4 "          |
| Pauper associations and heredity, . . . . . | 1.1 "          |

As contributory causes:

|   |              |
|---|--------------|
| Old age contributed of the cases, . . . . .   | 17 per cent. |
| Pauper associations and heredity contributed chiefly with sickness, drink and old age as principal causes of the cases, . . . . . | 17 "         |
| Drink contributory cause, with sickness and old age as principal causes, accounted for the pauperism of . . . . .                 | 12 "         |

While sickness accounted for an equal number.

Altogether drink is returned as responsible directly as principal, or indirectly as contributory, cause for 25 per cent of the cases. Mr. Booth, however, says "the proportion is less than might have been expected, and it is probable that closer research into the circumstances and history of these people, if it could be made, might disclose a greater connection than here appears between pauperism and the public house. It is, however, noteworthy that the results shown agree on the whole with those of the two inquiries I have myself previously made into *apparent* causes of poverty. The first regarding 4000 cases of poverty known by certain of the School Board visitors, gave 13 to 14 per cent as one to drink, the lighter percentage being for the greater degree of poverty. The second, regarding about 5000 people living poor and irregular lives, showed 10 and 11 per cent, dropping to only 5 per cent for about another 3000 who though poor were more regularly employed."

In St. Pancras workhouse, the number of cases in which pauperism was due to *old age* as a principal cause was 23.4 per cent.

|                                  |                |
|----------------------------------|----------------|
| To sickness, . . . . .           | 20.7 per cent. |
| To drink, . . . . .              | 21.9 "         |
| To laziness, . . . . .           | 10.6 "         |
| To mental derangement, . . . . . | 4.3 "          |

In St. Pancras workhouse about the same number of cases were investigated but they included a smaller number of permanent paupers than the Stepney house whose figures were first quoted. The current cases exhibit the largest amount of drunkenness. The "ins and outs," or those who go to the workhouse for a while and then leave, are specially notable for drunken habits. Forty-three per cent of the "ins and outs" were obliged to seek refuge in the workhouse on account of drink.

The details of Mr. Booth's conclusions are to be found in his smaller volume on Pauperism.\* His main conclusion is that *old age* is the most frequent principal cause of pauperism, and he suggests as a remedy for this cause a national scheme of endowment of old age. Old age, then, stands first, sickness next and then comes drink.

Supremely valuable as Mr. Booth's work is, it stops short of a full revelation of the reason why we have this mass of poverty. It discloses the immediate causes of poverty, it does not disclose the remoter causes of it. For the empirical investigation of these we must turn to the more comprehensive method of Frederic Le Play, the close study of the family, each family the subject of a separate monograph narrating its record as a family, its ethnical position, its migrations, its industrial status, its sources of income and methods of expenditure.

Study of poverty in the economic sense is thus a branch of the study of economic life—a branch involving special methods of research and investigation, special methods of record and generalization.

Not that this can be done easily, on the contrary, even as regards pauperism, a detailed investigation into the record of

\* C. Booth. "Pauperism: A Picture."



any considerable number of pauper families might be almost impossible. Yet such an investigation would probably show us that poverty, especially in England is not wholly a creation of to-day, but is largely a legacy from the past. One cannot read the economic history of the country without feeling convinced that the underpaid and stunted weavers and mechanics of the beginning of the century and the half-starved agricultural laborers, who systematically received part of their wages out of the poor rates, have taken a frightful revenge—have bequeathed not wealth, which moth and rust might corrupt, but poverty, which flourishes in corruption. Neglect in the past of obvious physiological laws is responsible for much of the poverty of to-day.

In a very real sense the sins of the fathers are visited upon the children, even unto the third and fourth generation. Whole nations may suffer for some class sins of a bygone age. Much of the low level of modern life is due, we can hardly doubt, to causes reaching far back in the history of each race—some of them not indeed so very far back, but still behind the immediate range of vision. Thus much of the low level of modern life is due to the existence of a definite nucleus of hereditary pauperism. This hereditary pauperism is due again in a large measure, no doubt, to the modes of dispensing public and private charity, which have endured, more or less, from the middle ages until now. And the unfortunate and disagreeable fact emerges in most inquiries on the subject that not a few of the charitable agencies and not a few charitable individuals are steadily adding to the ranks of professional pauperism by an ill-considered system of doles. It is hard to resist the moving of the bowels of compassion and to refuse to give a coin to a beggar, but after all the giving of the coin is an easy salve to the conscience. It is much easier, for example, than taking pains to discover the exact reason for the poverty of the beggar and setting about to devise means at once to save the man

and prevent so far as may be future cases of the same order. I need not weary you with criticisms of the results of indiscriminate alms giving. These have been urged over and over again by every charity organizer, from Defoe in his essay "On Giving Alms no Charity," down to our own day.

Much of the misery is due also, no doubt, to the economic changes that in many countries have transformed agricultural into industrial and industrial into commercial communities. What is popularly known as "modern progress" consists in changes of this sort. Some of these changes, probably most of them, are due to imperious forces which will not be gainsaid, are due to physical changes, climatic and other, are due to pressure of population, or external or internal influences too varied to enumerate. While the main facts of these changes are probably inevitable, because they are due to forces which it were useless to fight against, much may be done to mitigate the severity of a change to those who are victimized by it. Failure to do this by some means or other, by voluntary private action or by compulsory State or municipal action, inevitably results in accession to the ranks of those who have gone down in the struggle with the new forces. Such victims of what is called progress, where they do not die, live to produce an enfeebled and deteriorated generation. Successive changes of this kind have resulted in the casting off, as by centrifugal force, from the round of industry, of great numbers of men and women. Thus, apart altogether from personal misconduct, which counts for much, but which is often traceable to inherited tendencies, there is in modern industrial life an excessive development of this form of struggle, one of the forms of the "struggle for existence," which goes on on all the rungs and from top to bottom of the biological ladder. It is a struggle of processes as well as of men, in which the processes often victimize the men who devise them. It may be that nothing can meanwhile be done to mitigate the severity of the effects of these changes in general or on the large scale, but much

may be done—much is being done on the small scale. Manufacturers to-day who introduce new machinery are, as a rule, more considerate of their workers than they used to be, partly, perhaps, owing to the moralization of the employer and partly to the combination of the workers. Thus we have witnessed during the past few years many industrial changes and, no doubt, much victimization, but probably less serious suffering than might otherwise have been the case.

An exhaustive examination of economic life, would involve inquiry as to how far what is known as the factory system is associated with the development of poverty, and as to what are the precise relations between the growth of towns and the growth within them of a proletariat class, or landless, workless class, probably partly inheriting their inefficiency.

Apart from the general influence of the factory system upon industrial society, there is the influence of the commercial system. The huge circulatory system of modern commerce works smoothly for a while, and then, from an obscure or undiscoverable cause, is suddenly or gradually constricted at some point, while the whole system, intimately sympathetic as it is, is affected by the constriction. These fluctuations in commerce produce corresponding fluctuations in industry, and we have the alternate phenomena of inflation and depression of trade.

Thus one of the results of the departure now going on in a greater or lesser degree in most civilized countries, from "the stable basis of agriculture to the fluctuating basis of trade," is the irregularity of employment. Exact figures in this connection are hard to get as yet, although they are being more industriously collected now than ever before. By way of illustration we may take the record of a period of depression where, of course, this condition of irregularity is most manifest. Of 30,000 workmen in the East of London, whose cases were investigated in 1887, 14,000 or 47 per cent had been working continuously for six months or more, while

29 per cent had been working only two months in the aggregate out of the six, and 23 per cent had been idle for various periods, extending from two to ten weeks, that is that 53 per cent of these 30,000 workmen belonging to thirty-four different classes of occupations, and a much larger number of individual occupations, were exposed to serious irregularities of employment. Of these 3 per cent only were permanently disabled and 3 per cent were temporarily disabled, and were, therefore, not physically equal to manual labor.\* The returns of trade unions illustrate the same condition. Irregularity of employment leads directly or indirectly to poverty.

The alert and shrewd among workmen reckon upon and prepare for these periods of depression. They insure against them by actual saving and by paying into a trade society. It may be held, therefore, that in some industries wages are higher than they would otherwise be were it not for these fluctuations. The trade union is largely to be credited with providing a compensation balance which steadies the industrial system and prevents it from feeling the full effects of the fluctuations of commerce.

Beneath the industrious and provident workman, and forming a large class in the communities of the Old World and in some of those of the New, there are the men who, whenever the first wave of depression comes, find themselves without employment. The unskillful, the lazy, the ill-tempered (for this, as every careful observer knows, is quite a large cause of poverty), the dissolute, are naturally dismissed first, while the skillful, active and good-tempered, steady men remain till the last.

The class thus indicated form the ranks of the unemployed whenever depression in trade causes a diminution of employment.

We may now divide each of Mr. Booth's classes A, B, C and D into sub-classes. In each we will find :—

\* Parliamentary Paper. C 5228. 1887. P. 2.

1. The aged.
2. The insane.
3. The sick, including (a) Those suffering from diseases due to drunkenness. (b) Those suffering from other diseases.
4. The able-bodied unemployed.

Let us enumerate rather than examine the methods adopted in dealing with these classes.

There are three main methods of general application and in general use :

These are

1. Compulsory rating for State or district relief, with administration by nominated or popularly elected representation, as in England.
2. Voluntary Associations, as in Canada.
3. A union of these, as in the case of the poor by a State church, or as in what is known as the Elberfeld system.

Private or unorganized charity cannot fairly be classed as a system, although it is possible that more is done, both of good and of evil, by private charity than by any of the systems. Judicious private charity may render unnecessary the establishment of a public system, while the establishment of a public system may on the other hand tend to stamp out private charity.

If we could be quite certain that every man had a perfectly alert regard to his own interest, and the most ample opportunity to secure his interest, together with a perfectly keen sense of his responsibilities and duties, there would be theoretic justification for sternly refusing relief of any kind. But we know that men do not grow that way, and that therefore, however unfortunate in many ways it may be for society, society must make good the shortcomings of the individual for no other reason, so far as society is concerned, than the desire for self-preservation. It is true that the effect of this action of society is to transfer the responsibility from the individual to society. But since in the cases concerned the personal responsibility is not recognized, there is a clear gain in the recognition of it as a social responsibility.

As regards the aged, sick and insane poor, granted the duty of maintaining them, the question is—How is it to be done most efficiently? By indoor maintenance in the poor-house or asylum, or by outdoor relief in the shape of allowances, pensions or otherwise.

In the cases of the insane and in the cases of those who are sick from infectious diseases, there is everywhere a definite tendency to treat these in a hospital or asylum. While the expenses of administration vary widely, there can be little doubt that for the sick and insane, indoor treatment is, on the whole, more efficient and less expensive than any other method would be.

The establishment of asylums with farms attached, for inebriates, has been carried to some extent in Germany\* and elsewhere, but it would be premature to express any judgment upon the results. It is difficult for the authorities even in Germany to keep the traces of those who pass through the asylums and leave, and in the absence of definite knowledge of this sort, conclusions would be misleading.

Taken generally, and efficient administration being assumed, the evidence seems to be in favor of indoor treatment of the sick and insane. As regards the aged, the evidence is by no means so clearly in favor of indoor treatment. The policy of the English poor law until 1834 was wholly in the direction of outdoor relief; but after the Report of the Commission of that year, condemning outdoor relief on account of the serious abuses which had crept into the poor law administration, the policy was changed. Gradually the amount expended in outdoor relief has diminished and the amount expended in indoor relief has increased.

You will not expect me to discuss at this moment the details of so large a question, but it may fairly be concluded from the evidence in England, Germany and America, that the question as to which means of relief should be adopted

\* As in the Salem Colony for Inebriates at Rickling Schleswig Holstein. See *Report* quoted above.



is one which depends rather upon the conditions, historical, social and individual than upon any abstract principle. The important thing is to know precisely what the conditions are.

Several schemes associated more or less definitely, with the question of outdoor relief, have recently been urged upon public attention.

The National Insurance system of Germany, and the National Pension schemes of Mr. Chamberlain and of Mr. Charles Booth are really systems of outdoor relief.

The national insurance system has not had a very long trial; but it would appear that considerable difficulties are being met with. Malingering is, it is understood, going far to make the system unworkable without regulations of additional severity. While malingering applies rather to an insurance scheme than to a pension scheme, and is, moreover, a practical difficulty that may be coped with, a rather serious theoretic objection lies against all pension schemes. Do they not really amount to a rate in aid of wages? Do not pensioners now hire themselves for less than men who are not pensioners can subsist upon, and so tend to diminish the rate of wages of their grade of labor.

It may be that a national pension scheme would have this result on a large scale, unless the age at which the pension was payable were fixed beyond the age at which the average man would be likely to work. There are, besides the difficulties of dealing with the existing pension agencies, especially the friendly societies, the difficulty of collecting a special rate for the purpose from each individual, or of dispensing with a special pension payment and throwing the total cost upon the national revenue as a whole. These difficulties seem large; perhaps they are not insurmountable.

The crux of the poverty question in Europe just now is the treatment of the able-bodied unemployed. The numbers of these to be dealt with at any moment, even in a time of depression, are very indefinite. They fluctuate from day to

day, from hour to hour. At one moment the ranks of the unemployed are mainly filled by industrious workmen, who would work if they could get work to do, at another with loafers who hang on the skirts of every relieving agency, and are not only kept alive, but formed into a compact class of professional dead-beats.

How is the first class to be sifted from the second? for obviously the kind of treatment they need is widely different from the kind of treatment which the others need.

The aspect which this part of the problem of poverty presents to most persons is this: Here are some thousands or some hundreds of thousands of mouths to be fed; but these mouths have intimate association with twice as many hands to feed them. What is wrong that the hands cannot feed the mouths?

Now this question, which might be put by a child, which is indeed often put by children, involves no simple answer. I have already sufficiently insisted upon the unity of economic life to make that clear. If all these hundreds of thousands of workless men were transported to another planet, or to some neglected spot upon this one, and if their labors were organized spontaneously or otherwise, they might work for each other, and get on quite merrily; but we may do more harm than good by attempting to force the unemployed back into the industrial system. If we get them to make things for us which we do not want, we simply waste our money; while if we get them to make things for us that we do want, we simply transfer our demand from one set of workmen whom we are just now employing to those newcomers who want employment. We do not make any fresh demand for labor, we simply transfer our demand from one group to another, and in so far as we do so, we tend to impoverish one set of men while we enrich another set. If we were sure that we were distributing our demand more uniformly and with greater benefit to society than before, there might be something to be said for our action; but can

we be sure that we are doing so? Now, here we might arrive at an *impasse*; but there is no need for that. We cannot remove our unemployed to another planet, yet we may find some place on our own which is not occupied, we may plant them down there, and let them produce for each other. If we can get them simply to produce for each other, without coming into the market with their products subsidized by our charity in any way, there will be a clear gain in the production. They will cease to be a charge upon society. They will become producers. Nor need there necessarily be any emigration. Migration from the overcrowded centres to the neglected spots of the country, with efficient organization of labor, that is all.

Now, all this is exceedingly attractive. I will not weary you by reciting a rather long list of authors within the past two or three centuries, who thought that they had found social salvation along these lines, nor with any detailed account of the numerous experiments that have been tried. The oldest modern experiment is the old English Poor Laws; the largest modern experiment is the German Labor Colony System. The old English Poor Law was in many ways a failure; largely, perhaps, for the reason alleged by Fielding, that while the statutes prescribed what was to be done, they did not tell how to do it. At any rate, the House of Industry and the Parish farm, after a chequered career, disappeared, and it was not until the establishment of the Dutch Labor Colonies, early in the century, that the idea of "work, not alms," was again carried out on any considerable scale.

What our study of poverty reveals to us in this connection is this: That of those who have been born into or who have been sinking into poverty, there are some, not relatively a large number, in a new country, but even there a number fluctuating with the fluctuations of trade, who are unable to get any one to organize their labor for them, that is to employ them, and who are also unable to do so for themselves.

The question is, should society undertake this organization ; should it undertake to do what the industrial system has failed to do ; should it accept the responsibility of glossing over what may turn out to be defects in the industrial system by regimenting its failures.

A sufficient number of persons in Germany have taken this view of social responsibility to establish twenty-four farms upon which all comers may work and be fed. No work, no food ; but still to all comers work and food. Those who are unable to get any one to organize their labor may walk into the farm and forthwith have their labor organized on subsistence terms.\*

Vagrancy is strictly put down in Germany and the strict observance of the law is rendered possible by the existence of those institutions in which a man buffeted and "shipwrecked inwardly and outwardly," as the expressive phrase of one of the reports has it, may spend a few months of healthy life and then return to competitive industry.

The advantages of the system appear to outweigh the disadvantages so far as Germany is concerned. A similar system exists in Holland, and an experiment in the same direction is being made in France. In England, General Booth's farm at Hadleigh is a labor colony of the same order, though it performs also the function of a place for training emigrants.† How far the latter function may usefully be conjoined with the other functions of the institution is very doubtful. In a certain number of cases of lapse, no doubt, good emigrants may be found ; but the presumption is against a nation discharging upon the shores of its colonies, or of other nations, the products of the sinister side of its industrial and social life.

The farm colony, pure and simple, may be said to fill two functions, both of them desirable up to a certain point. (1)

\* For a recent account of these colonies see "Report on Labour Colonies," by J. Mavor, J. R. Motion, J. Speir, and R. P. Wright. Glasgow, 1892.

† See *Report* cited above.

It fills the function of a sanatorium where a man, who has been broken in health on account of want of employment or otherwise, may recover in the fresh air, in the wholesome and regular diet and discipline of the country colony, the spring which he has lost in the city. (2) It fills the function of organizers of labor for those who cannot organize their own. It seems likely that these two functions will have to be divided, the first to be undertaken by the existing colonies, the second by other colonies to be established for permanent occupation by colonists cultivating upon a co-operative or peasant proprietary basis. In any case the colonies must do good in so far as they take off from the slums of the cities, year by year, crowds of men who are rapidly sinking into degradation, and in so far as they make men of them. They will also avoid injurious influences upon the economic conditions of society, in so far as they are rigidly self-contained, that is, in so far as they avoid sending their subsidized products into the market for sale. For the rest, farm colonies, though conceivably an efficient, have proved to be a rather expensive form of poor relief.

Now, where economic students may most efficiently be of service in practical problems is in thoroughly and systematically mastering the conditions. Be it ours to study, and so far as we may, interpret the facts as we see them.

We hear occasionally the phrase, "You are disobeying the laws of political economy." If by the laws of political economy are meant the laws of the action of the social forces, these laws are no more to be disobeyed than the law of gravitation, or the law of expansion of gases. What ought to be said is, "You are disregarding the lessons of history." It is mainly from disregarding the plain lessons of history, frequently from ignorance of these, that men go wrong in political action.

What we need in the study of economics to avail us in practical affairs is—insight, insight, and always insight. To get at the inwardness of a matter of ancient history,

when all the elements of it that have come down to us through the ages, have fallen into line and when we may see them in perspective, is fairly hard even for the most competent student ; it is difficult for us, for example, to trace the early stages of landholding in England, or to discover the real meaning of the steps by which the English laborer emerged from serfdom ; but it is still more difficult for us to see the real bearing of what goes on under our very eyes, to see with entirely clear and disinterested vision the direction of the forces that are weaving in the "roaring loom of time."

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## THE MONETARY SITUATION IN GERMANY.

American bimetallists and some of their German friends have recently severely criticised the attitude observed in the late Brussels conference by the German delegates toward bimetallism. I hope, however, to convince impartial readers that the interests of Germany made it impossible on that occasion, and will forbid in future, the encouragement of bimetallism in any way. No one can fairly expect that Germany's monetary policy should be guided by other than German interests. Now, notwithstanding the noisy agitation in the agricultural districts of Germany in favor of bimetallism, I do not hesitate to assert that, so long as the vital interest of the greatest part of Germany's industry and commerce, the interest of our public credit and the interests of our foreign policy are not totally neglected, there is no hope that Germany will participate in any international measure to secure bimetallism.

In order to explain this view, I must give a brief statement, first, of Germany's present monetary situation; secondly, of the origin of the latter; and finally, of the important interests which forbid us, as I maintain, to make any concessions to future bimetallist proposals.

### I. GERMANY'S PRESENT MONETARY SITUATION.

According to Dr. Soetbeer's statement,\* the total amount of our currency at the beginning of the year 1892 may be estimated at about 3,752,000,000 marks.

\* Cf. Ad. Soetbeer, "*Litteraturnachweis über Geld- und Münzwesen, insbesondere über den Währungsstreit, 1871-91.*" Pp. 305, Berlin, 1892.

This was made up as follows :

|   | Million Mk. | Average Amount<br>per head of the<br>population.<br>Mks. |
|---|-------------|--|
| 1. GOLD COIN AND BULLION, . . .   | 2350        | 47.55  |
| 2. SILVER COIN AND SMALL CHANGE.  |             |  |
| (a) Silver "Thalers" à Mk. 3, . . .   | 440         | 8.90   |
| (b) Silver small change à Mk. 5,<br>2, 1, 0.50, 0.20, . . .                             | 452         | 9.15   |
| (c) Nickel and bronze coins à Mk.<br>0.20, 0.10, 0.05, 0.02, 0.01, . . .                | 60          | 1.21   |
| 3. PAPER CURRENCY.  |             |  |
| (a) State notes (Reichskassen-<br>scheine) à Mk. 50, 20, 5, . . .                       | 120         | 2.43   |
| (b) Bank notes, not issued against<br>specie or bullion, à Mk. 100,<br>500, 1000, . . . | 330         | 6.68   |
| Totals, . . .   | 3752        | 75.92  |

Hence appears that, at the beginning of the year 1892,\* the total credit circulation did not exceed 1402 million mks., *i. e.*, an average amount of 28.37 mks. per head of the population, or 37.4 per cent of the total circulation. The weakest point of this credit circulation is not the paper, but the silver currency. The paper circulation consists of two different elements, bank and state notes. Portions of the bank-notes which are not issued against gold or thalers are covered by bills of exchange. Since the bank-note law of March 14, 1875, German bank-notes, both those issued by the Reichsbank and those issued by the minor banks, may be regarded as first-rate securities, which can be realized at any moment. No bank-note in Germany is legal tender ;

\* Since January, 1892, the gold circulation has increased. The bank-note circulation at the end of December, 1892, amounted to 1,327,000,000 marks. Of this, about 355,000,000 marks were not covered by an equivalent amount of bullion, gold and silver coin, state notes or notes of other banks, which are collected for clearing purposes.

but practically the Reichsbank-notes are accepted without the slightest difficulty throughout Germany, while the circulation of the minor banks of issue, in most cases, is only local.

The position of the second element of the German paper circulation, viz., the state notes, is somewhat different. By law, they are to be redeemable in specie on demand, and nobody is obliged to accept them as legal tender, except the public treasury offices. In fact, they are less good than bank-notes. No special fund is provided for redeeming the state notes. These notes, of course, being issued in small denominations, are not used by business men to draw gold for export purposes. In times of peace, during which the Treasury has abundance of specie, nobody wants to exchange the state notes for specie; in times of war, on the contrary, when there may be signs of a panic, and the holders demand redemption, the specie in the Treasury will be devoted to other more urgent demands than the redemption of the state notes. The German state notes are irrational, their existence being justified only by financial exigencies. In principle, it would be the best to cancel the state notes by the Reichsbank and to empower the Reichsbank to issue notes of smaller amounts than one hundred marks. The demand for paper tenders in the denominations of 50, 20 and 5 marks being very great, and at present this not being quite satisfied by the 120 million marks of ill-funded state notes, there could be no danger in permitting a somewhat greater circulation of Reichsbank-notes of the same amounts as the state notes now are, and in increasing correspondingly the annual charge to be paid by the shareholders of the Reichsbank to the Treasury.

After having studied the German paper circulation, we now turn to the very basis of value of the German currency, viz., gold. A good deal of the 2,350,000,000 marks mentioned in the above statement do not form a part of the visible circulation, but are hoarded. One hundred and

twenty millions in gold are kept by the empire, as a special war treasure, without any employment in ordinary times. A very much greater sum of gold is kept in the vaults of the Reichsbank and of the minor note banks. For this amount there is a corresponding sum of bank-notes in circulation, which—as fully covered by specie—were not included in the above statement of paper currency. It is much to be regretted that the Reichsbank does not publish a statement showing how much of its specie is gold and how much silver coin. But it may be assumed as very probable that the amount of German gold coin in the hands of the Reichsbank at present exceeds 300 million marks; to which must be added the gold reserve in bullion and foreign coin, the value of which is exactly given in the published statements of the Reichsbank, from which we learn that this latter reserve amounted to:

|             |                             |   |       |
|-------------|-----------------------------|---|-------|
| 42,873,000  | marks on December 31, 1876, |   |       |
| 71,025,000  | "                           | " | 1881, |
| 353,825,067 | "                           | " | 1891, |
| 324,692,432 | "                           | " | 1892. |

The gold coins in circulation and the gold reserves in coin and bullion kept by the Reichsbank and by the Treasury are really the backbone of the German monetary system. But gold coins are not the only legal tenders. The thalers must still be accepted for any payment without limit. In contrast herewith, the silver specie in amounts of 5, 2, 1 marks, 50 and 20 pfennig, are legal tender only to the amount of twenty marks; the nickel and bronze coins only to the amount of one mark. The existing amount of thalers cannot, according to law, be increased by new coinage, while the existing amount of small silver money may be so increased, but only correspondingly to the increase of population.

What are the practical consequences of this anomalous situation? The thaler contains 16.666 grammes of pure

silver. The market value of 1000 grammes of pure silver being now about 112 marks, the intrinsic value of a thaler is 1.82 marks in gold. Nevertheless, it must be accepted as three marks. The 5-mark piece contains 25 grammes pure silver, *i. e.*, the value of 2.80 marks in gold. The subsidiary silver coin is enormously overvalued, but this state is supportable, because all provisions which are necessary for the maintenance of overvalued subsidiary coin are applied, viz., the total issue is limited to a certain amount per head; the amount is limited above which the coins lose their quality of legal tender; finally, the opportunity is provided to get gold coins or thalers in exchange for small silver coin. The same precautions are not taken, however, in the case of the thalers. Only the total amount of their circulation is limited, but not the limit to which they must be accepted as legal tender. Hence, it appears that a gold premium and difficulty of conversion can only be avoided so long as the amount of the thalers—compared with the gold circulation and the gold reserve of the Reichsbank—is so small that gold for export purposes may be got without any practical difficulty. Indeed, the London rate of exchange (cable transfer) varies at Berlin precisely between the two gold points, 20.52 and 20.32. The Reichsbank, however, by an imprudent policy, might disturb the credit of the German currency permanently. But up to this time this institution has been governed upon the wise principle, not to hamper bullion dealers by paying notes with thalers. Nor does the Reichsbank ever demand any gold premium, as the Bank of France sometimes does. The power, of course, of the Reichsbank, as the greatest discount house, is sufficient to cause German bullion dealers to be very cautious in demanding gold for export.

From this it will be clear that Germany, although it has not developed such a bullion market as London, has so far been able to maintain gold at par in foreign exchanges by a diligent discount policy, and, moreover, to keep a sufficient

supply of gold in circulation and satisfy the demands of the important industries requiring gold.

As a matter of fact, the monetary system of Germany is very similar to that of France, Switzerland and Belgium. In these countries, as in Germany, the simple gold standard has not been carried out, one kind of silver money as well as gold being legal tender to any amount. Silver coinage is, moreover, suspended, and an increase of currency is only practicable by gold coinage or further issues of bank notes; the par of exchanges being maintained in Germany exactly between the gold points, in France varying a little more, in consequence of the policy of the Bank of France, which often avoids raising the rate of discount and prefers to demand a gold premium in case of a drain for purposes of export.

So the popular argument of some German bimetallists that France and the other Latin countries differ from the so-called monometallist, Germany, by their so-called bimetallism, is quite wrong as a matter of fact.\* The only difference is really a formal and merely judicial one. The present "limping" monetary system can be changed into monometallism in Germany by an administrative act, while a change to pure monometallism in France would require an act of legislature. Inasmuch, however, as this change would involve in both countries the selling of silver, which would cause an enormous loss, the government in Germany would hardly undertake the financial operation without the consent of the Parliament, any more than that of France.

## II. ORIGIN OF THE PRESENT GERMAN MONETARY SYSTEM.

All the "limping" monetary systems of the present time must be regarded as results of the historical development

\* It must be observed, of course, that the amount of the total circulation of silver coins, both five-franc pieces, which are legal tender without limit, and small change, being about 2500 million francs, is much greater in France than in Germany. But the French gold circulation is also a larger one than the German; it is estimated at 4,000,000,000 francs.



of the last two decades. The German system especially, which makes the over-valued five-mark silver-piece a subsidiary coin with limited powers as a legal tender and maintains at the same time the over-valued three-mark silver-piece as legal tender to any amount, can never be justified on *a priori* utilitarian principles; it is nothing more than a somewhat irrational outcome of historic development. In view of this circumstance, it seems expedient briefly to sketch the origin of the present monetary system of Germany.

It would be erroneous to assume that up to the year 1870 public attention in Germany was principally occupied with the question whether a gold standard or bimetallism ought to be the future system. The chief problem, on the contrary, was to unify the seven different monetary systems which existed until 1873. Compared with this, the question how to get rid in some way of the inconveniences of the then prevailing silver standard was only of secondary importance. It may appear somewhat strange that the states now federated in the German Empire did not, during the period of their sovereignty before 1870, find any way to create a uniform monetary system in the same way as they were able to create the *Zollverein*, a voluntary customs-union of sovereign states.

The idea of monetary unions is really an old one in Germany. We meet with such unions in the fifteenth and the following centuries. But one monetary union which should radically unify the monetary system throughout all Germany was not to be attained voluntarily. While the financial interests of the smaller states urgently demanded a union for the purpose of collecting customs-duties, the same financial interests seemed to encourage their jealous struggle for monetary independence. Every sovereign hoped to exploit the foreigners, not his subjects, by issuing base coin. According to this principle, Frederick the Great did not shrink, during the seven years' war, from abusing

the Saxon mint which he had taken possession of, and from smuggling worthless money into circulation, by the coinage of which he is said to have made a profit of eleven millions of thalers. Between 1820 and 1830, some small German states—Coburg, Hildesburghausen and Nassau—followed the example of the glorious Prussian king, and made some profit by debasing the coinage at the expense of the neighbor states.

Although public indignation became general, the German people are very patient, not to say phlegmatic, in political matters. There were some common principles of a monetary policy formulated in treaties on the subject, but no uniform system was adopted. To maintain a separate system of coinage was regarded by the officials of each of the German states as identical with its assertion of independence. It was a regular profession to change florins and kreutzers of Bavaria into thalers of Prussia or the mark banco of Hamburg. The money-dealers earned their commissions, but the greatest part of the productive classes suffered by the system. The variety of the existing monetary systems was not, however, the only mischief which the German business man experienced before 1870. There was a general complaint due to the excessive paper circulation. Nearly every state issued its own state notes, which often were refused at the offices of a neighboring state. Commerce was also greatly hampered by the large number of bank-notes of many various degrees of soundness which circulated through the country. The paper currency, state and bank-notes, which was not issued against specie, between 1867 and 1872, averaged 700,000,000 marks per year. Many sorts of notes were accepted only at a discount. The traffic with these was a special industry, which has disappeared since the reform of our monetary system. There can be no doubt that it would not have been possible to introduce such an amount of notes if Germany had then possessed a sufficient gold circulation. But the latter was at a minimum. Nor were silver certificates introduced, except in Hamburg.

Nothing was more inconvenient than to pay large amounts in the heavy and bulky silver money. Sooner than the agriculturists, the German merchants felt this monetary system to be insupportable. The commercial world, which had to pay and to receive large sums every day, sustained great losses owing to the paper circulation, and first of all realized the need of gold standard coins. The gold coins between 1857 and 1871 were only trade money of varying price, and very rarely were met with.

Some hoped that a single gold standard, as in England, would be adopted instead of the single silver standard, which prevailed throughout Germany with the exception of Bremen; others at that time would have been quite satisfied with national bimetallism, which seemed preferable to the insupportable silver standard. Between 1849 and 1859, in this and in other political questions, the initiative of reform ideas was not taken by the Prussian, but by the Austrian government. Austria wanted to withdraw its excessive paper currency, and hoped that, after the gold discoveries in California and Australia, payments in specie would be cheaper in gold than in silver. So Austria, in the conferences preceding the monetary treaty of 1857, proposed to adopt the gold standard throughout Germany and Austria. This proposal of the Austrian government, which recapitulated the ideas propagated about at 1841 by a Prussian authority, T. G. Hoffmann, was at that time very reasonable. It was not, however, carried through. Some German states, jealous of their sovereignty, of which they believed their mint policy to be a most intimate part, strongly opposed the adoption of the gold standard. Their chief argument can only be regarded now as very unimportant. They maintained that the consequence of the adoption of the gold standard would have been a recoinage of the silver currency into subsidiary coin. Now it would have been necessary, for technical reasons, to concentrate such coinage in one or two great mints. But this concentration at that time

appeared impossible to the smaller states without seriously threatening their sovereignty.

Nevertheless, the economic necessity incessantly urged a radical and uniform reorganization of the monetary system. In 1861, the German Handelstag, which may be compared to the British Chambers of Commerce Congress, recommended to the German governments the adoption of the decimal system and of the mark in value of one-third of a thaler as the future unit. Up to 1870, this mark, divided into ten groschens of ten pfennigs each, was adopted as a basis only in the Ritzebuttel district, near Hamburg.

While many business men between 1860 and 1870, sympathized strongly with those who proposed the adoption of the gold standard, a considerable number of the government officials inclined toward national bimetallism, especially the Prussian minister of finance, Mr. Camphausen, who had, after 1871, an important influence on the monetary policy. He was not an advocate of the gold standard, nor was he isolated in this position. In 1870 no one could foretell the enormous future increase of the silver production and the universal fall in the price of silver. Moreover, it appeared nearly impossible for a poor country, as Germany was deemed to be before 1870, to get the gold necessary for the introduction of the single gold standard. In the southwest of Germany there was some inclination to join the Latin Union, which proposal we now congratulate ourselves was not adopted. In other parts of Germany the "decimal fanatics" displayed great energy in demanding a unit of money containing ten grammes of gold.

Here a very common misapprehension must be mentioned. German bimetallists have spread the theory that the gold standard party and the Manchester party were identical. This, however, is a mistake. Although the three authorities which in 1871, as well as at other periods, influenced the monetary policy most perceptibly, viz., Dr.

Bamberger, Dr. Soetbeer\* and Dr. Nasse, sympathized with free trade, it cannot be said that all the leading free-traders in Germany were monometallists. On the contrary, Prince-Smith, one of the leaders of the extreme German free-trade school, recommended, in 1869, emphatically the adoption of bimetallism in our country.

Meanwhile, in consequence of the war of 1870-71, two events took place which were of the greatest influence in Germany's monetary development. The German empire was founded and was invested by the constitution with the powers of unifying the monetary system throughout all Germany by legislation. At the same time, the five milliards francs to be paid by France seemed calculated to facilitate considerably the acquisition of the gold needed for the reform and the withdrawal of the excessive paper currency from circulation.

It cannot now be denied that some faults were committed in these operations. It seems that the fiscal interests had a greater influence on the leaders of Germany's politics at that time than the general interests of the monetary system as a whole. Had it been otherwise the government would have begun the reform by canceling all state notes. This would have diminished the currency during the time when the influx of the French milliards was stimulating speculation and raising prices in an unprecedented way. Far from this, the government prepared to pay off, in the first place, the funded war debt, in order to economize some millions in interest. The capital was paid off just at the period when the fever of speculation was most intense, in a time when every day saw new companies established. It was not until after the legislation reforming the monetary system that the needed regulation of the bank and state-note question began.†

\* Dr. Soetbeer in his later years changed his position somewhat in favor of bimetallism.

† The paper currency of the different States was unified in 1874, and, after the crisis had come, a gradual contraction of the total sum of state notes in circulation was insisted upon. The bank reform, advocated during many years by public opinion, was not carried through until 1875.

But these moments were not of such serious consequence as the manner in which the Minister of Finance, Camphausen, treated the problem of selling the superfluous silver. Camphausen did not at all anticipate the fall in the price of silver. So he did not hasten the selling of silver at the right time, holding that a system of national bimetallism would be possible in the future. In 1871, when the gold coinage, the first step in the monetary reform, was resolved upon, it was not the government, but the leading authority of the Reichstag which enforced the complete suspension of silver coinage, which was a necessary preparation for the gold standard. The ratio, 1:15½, was adopted in 1871, as the basis of the valuation of the new gold coin compared with the silver currency which remained in circulation. Between 1871 and 1873 the adherents of the single gold standard warned the government repeatedly. They observed a small fall in the price of silver in the London market and recommended the government to sell the silver before a new fall should take place. Merchants from Hamburg offered at that time—as I am told by a well-informed person—to find a way to effect the sale of all the silver with a minimum loss. The government did not, however, take advantage of a favorable occasion which was never to return.

In 1873 the second step in the monetary reform was taken: a bill empowered the government to withdraw from circulation all the existing silver currency and to employ the silver up to a certain amount for the coinage of new subsidiary coin, the rest to be sold. All the then existing silver currency has since 1873 been withdrawn from circulation except the thalers, the amount of which was still estimated in 1892 at 440,000,000 marks. The Federal Council is still, by the law of 1873, empowered to withdraw the thalers upon any convenient occasion. But this has never been done, and they now represent an investment of German capital which is diminishing in its intrinsic value every year with the gradual fall in the price of silver. They must be taken in Germany as having the value of three marks.



So we find that the greatly over-valued German thaler and the still more over-valued subsidiary coins were originally honestly coined, the thalers during the time when silver was quoted at 60  $\frac{1}{4}$ d. per ounce st., their nominal value, exactly corresponding to that of the metal they contained; the small coins allowing, at the above rate, only a seignorage of twenty marks per kilogramme.

Since the right moment for selling the silver was neglected, the offers of the German government have coincided with the abundant output of the Big Bonanza, Comstock Lode, and with the revolution, beginning in the international market, which was characterized in 1876 by Dr. Bamberger as the dethronement of silver as the ruler of the world. This dethronement was solemnly sanctioned in 1878, when the Latin Union completely suspended silver coinage.

In the party strife of bimetallists and monometallists, it was during the period between 1873 and 1880, that the greatest number of groundless fictions were put into circulation. I must call them such, because no solid argument has yet been found for the common assertion that the fall in the price of silver had for its sole cause the sale of silver in Germany, or for the other assertion that Germany's monetary policy alone forced the Latin Union to suspend the coinage of silver. Still a third legend has been propagated by some of the German bimetallists, who assert that it was a mistake on the part of the German government suddenly to exchange former silver standard for that of gold. According to this it would have been better to prepare for the introduction of the pure gold standard by one or more decades of bimetalism. This theory is absolutely groundless. First, between 1871 and 1873, there was a period of bimetalism, but, of course, with suspended silver coinage. Secondly, this policy could not be continued, because from 1870 on the price of silver was, in consequence of the increased production, commencing to fall, and every delay meant a loss in the future silver sales. Moreover, the adoption of the

gold standard instead of bimetallism by Germany was nothing but a continuation of the policy which France had in view in 1870. Dr. Soetbeer\* has not hesitated to affirm emphatically, that it is, in the highest degree, probable that only the war of 1870-71 prevented France and the other states of the Latin Union from adopting a gold standard.

But we must return to the history of the German monetary policy. Up to the end of 1878 the German government had sold total sums of 3,363,500 kg. of silver, *i. e.*, much less than the average yearly production of 1889, 1890 and 1891. In 1879 Germany's silver sales were suspended. If the German policy had really been the only cause of the depreciation of silver, undoubtedly "rehabilitation" of the price of silver ought to have been the necessary effect of the suspension of these also. The government prophesied at that time that foreign countries would bless Germany for being forever freed from the nightmare of these silver sales which had vexed the world for six years. Nevertheless, between 1880 and 1890, the price of silver continued to fall, and the production to increase enormously, while the efforts of the bimetallist remained fruitless.

But as facts began to refute bimetallism, the agitation became more passionate. In 1880, Dr. Arenot, by far, at best, of the German bimetallists, published his work on "*Vertrags-mässige Doppelwährung.*" His proposals found many adherents, especially among the feudal landlords of the East of Germany. They are suffering severely from the agricultural competition of America and Russia, and they are convinced that it is the first duty of the German policy to protect them against the consequences of the adverse international conjuncture. The duties on the importation of corn, the protection accorded to the sugar and spirits industries did not satisfy them; they continued to complain of their losses and debts. Now they hope that bimetallism will cause an inflation of prices and permit them

\* *Op. cit.*, p. 122.

to pay off their debts with debased silver currency. These bimetallist landlords are of opinion that the fall of prices since 1873 is caused by the scarcity of gold, and although Professors Nasse and Lexis and many other authorities in political economy have clearly demonstrated this theory to be wrong, it is repeated in popular pamphlets with a remarkable tenacity.

Recently, the feudal bimetallists have been reinforced by the antisemitic movement. It is accepted by most antisemites as an incontestable truth that the gold standard is the Jewish standard, while bimetallism is held to have an especial good Christian character. Foreigners cannot conceive how difficult it is to refute such war-cries in Germany, of which the above cited is the worst. It is true, Dr. Bamberger, a Jew with an honest and unselfish character such as few politicians anywhere possess, had rendered special services as member of the Reichstag to the success of the German Mint Reform. But not only would bimetallism do the Jews no damage, who are very quick in profiting by every revolution of prices, and would certainly be sure to profit by an artificial inflation of prices; but it is not true that bimetallism has a specific Christian character. The Rothschilds and other leaders of the international Jewish financial operations have sympathized since decades with bimetallism. It was a Jewish banker of Berlin connected with the Rothschilds, who gave Prince Bismarck the bad counsel to suspend the silver sales in 1879, because he then believed in bimetallism. There are, moreover, many persons of Jewish origin and Jewish confession among the prominent foreign and German bimetallists. This combination of the antisemitic and the bimetallist movement in Germany is all humbug, but not without its effect upon some classes of the German voters, viz., the minor artisans and shopkeepers and the poorer peasants. The industrial workmen, on the contrary, as far as they are guided by social democracy, are opposed to both these movements. In the

same way the great majority of the manufacturers and the official representatives of German commerce protest emphatically against the monetary projects of the agrarian hotspurs. But it cannot be denied that as yet the technical fitness of monometallists for agitation is not quite adequate to the fairness of their cause. Bimetallists are more energetic in this respect.

One of the reasons which explain the present relative indifference of the German monometallists is their strong belief that the government takes their part. But is this really true? What has been the actual policy of the government during the past fifteen years? The German government did not take part at all in the international monetary conference of 1878. In 1882 it made, in principle, some concessions to the bimetalist party. The German delegate laid it down as a principle that "the rehabilitation of silver was desirable, and was attainable if some of the most populous states which were represented at that time in the conference permitted free silver coinage once more, and agreed on a certain ratio of value between gold and silver."

It is to be deeply regretted that, in 1882, such a statement, which could not but encourage bimetalists, was made by the German government. But it must be added that the practical concessions offered on that occasion by the German delegate were not at all of such a far-reaching character as the principle above stated. Since this time, however, the government has postponed bimetalism. The great bulk of the thalers remained in circulation, a standard coin decreasing daily in intrinsic value. But some small amounts of silver were gradually sold.\*

\* Here it must be observed that, in the matter of the thalers, Germany has had experience which may definitely deter her from any monetary union with other states. About seventy millions of the estimated 440 million marks circulating in the form of thaler pieces in Germany were not coined by German states, but by the Austrian government. The monetary treaty of 1857 provided for the circulation, as legal tender in Germany, of the Austrian thalers coined between 1857 and 1867. In consequence of the chronic depreciation of the Austrian paper currency since 1859, nearly all the Austrian thalers found their way to Germany. They were

Many Germans who are inclined to be sanguine expected in 1890 that the Sherman bill would produce a rehabilitation of silver. The failure of the American silver experiments, however, has made a deep impression on all those German authorities who, although not radical adversaries of bimetalism, nor in any sense partisans, are uninterested observers of the development.

The attack which the bimetallists recently attempted upon the German government because it declared at the Brussels Conference that it did not sympathize with bimetalism must be regarded as a failure, so far as the Reichstag at least is concerned. The gold standard party cannot, however, find any permanent support in a simple reliance on the personal convictions of the now leading members of the government. Our political development is subject to serious crises, and sudden changes of ministers are not rare. The only thing upon which we can rely is the conviction that no government will be able in the long run to carry through measures which are opposed to the prevailing interests of the majority of our population. So our inquiry must lastly take up the question: Which monetary system corresponds to the prevailing interests of the German population?

### III. CONCLUSION.

It cannot be denied that Germany also suffers, although less than other countries, by reason of the fall in the price of silver. This effect is felt in three ways:

First, Germany is a silver-producing country. Its silver production in 1890 amounted to 402.9 millions, *i. e.*, ten per cent of the world's production. But the greatest

no burden to Germany so long as the silver price were 60 13-16ths d. per oz. st. Now, however, since the fall in the price of silver, it had become a serious subject of controversy whether the Austrian or the German government should bear the loss resulting therefrom. In 1892 this question was settled between the two empires. Austria takes back only one-third of the thalers. Germany, in consequence of this convention, will bear a loss due to the Austrian thalers estimated by Dr. Soetbeer at nineteen or twenty million marks (Cf. Soetbeer *op. cit.*, p. 306).

part of this was not smelted from German, but from foreign ores. So German mines are much less interested in the question than would at first appear. It is the less possible to justify dangerous financial experiments in the interest of our mines, since a very considerable part of these silver mines are nationalized.

Secondly, the intrinsic value of Germany's silver currency, thalers and subsidiary coins has diminished by more than thirty-seven per cent, since the price of silver has fallen from 180 to 112 mk. per kg. This loss is permanently increasing, but it is concealed to the public, because the silver money is over-valued, and by law gold coin may be obtained without difficulty for silver. No doubt, this situation will require some reform in the coming years, but this reform would be very difficult, if the re-establishment of the old price of silver was the only way.

Thirdly, Germany's foreign trade is not restricted to countries which maintain the gold standard, but extends also to countries employing the silver standard. The exports from Germany to these countries must become less profitable in consequence of the fall in the price of silver, the imports from these countries to Germany must be stimulated by the same cause. This theme is very often treated by bimetallists. But the importance of the question to Germany is frequently exaggerated. The total value of the imported goods in 1890 was 4273 million marks, the value of the exports 3410 millions. Now, the imports from India, China, Mexico, the chief countries of the silver standard, amounted only to 3.5 per cent of the value of the whole imports; the exports to those countries amounted to only 2.2 per cent of the whole German exports sent to countries whose currency is either the single gold standard or whose rate of exchange, at least, up to this time, is maintained at the gold par, viz., the Latin Union, the United States, etc.

In contrast with this the trade from and to South America, Russia and Austria is, of course, eminently influenced



by the currency question. Austria-Hungary and Russia, in 1890, imported together 26.7 per cent of the whole value of the German importation. There can be no doubt that an unfavorable quotation of the florin or of the rubel very often has stimulated the imports to Germany in an unsound way: but the check against those influences will never be bimetallism. As long as Austria and Russia do not withdraw their excessive paper currency from circulation, we cannot protect ourselves by any monetary system against the effects of the fluctuations of the foreign paper currencies. The only radical way would be to issue in Germany, in the same way as in Russia or Austria, an excessive paper currency which would hardly be deemed a sound policy. To this must be added the fact that of these countries, one, Austria-Hungary, is now preparing to make payments in gold, while Russia has shown clearly its design not on any account to adopt the silver standard.

The result of our survey is that Germany would derive some advantage if a universal rehabilitation of silver should be carried out, but that its interests are not so urgent as to justify any dangerous experiments.

I cannot conclude this sketch without expressing my own opinion on the chances of the international endeavors to raise the price of silver or to maintain it on any artificial level. I am far from asserting that such endeavors must be absolutely without success. But I am in accord with Thomas Haupt in the following opinion: Every time when it has been possible to maintain by trusts or by other artificial means the price of any commodity, it has been an indispensable condition of success that over-production should be avoided. So it will never be sufficient to organize the consumption of silver, *i. e.*, to create an artificial demand for more silver for coinage purposes by universal bimetallism. If it is not possible to organize simultaneously all the silver producers of the world, so as to adjust the whole of their production to the demand, all these efforts of international

bimetallism—whether England be a member of the union or not—must be in vain. Now, finding that the silver producers themselves deny, up to this time, the possibility of an international organization of the producers, I do not see how the states, as consumers, can expect to regulate the demand, if the producers throughout the world are not able to organize themselves so far as the supply is concerned. As long as the producers of silver do not voluntarily limit production, but, on the contrary, continue to augment the annual output and to produce year by year at a less cost, in consequence of technical improvements, the artificial creation of an official demand for silver coins can only have the effect of retarding, but not preventing, the inevitable crisis: which will be either the definite and complete dethronement of silver as a standard metal, or the re-establishment of the price of silver after a general collapse of those mines whose production is not wanted in the world's market.

The most probable thing for the next few years is a further fall in the price of silver: hence every proposal to coin silver ought to be regarded from the German standpoint as an invitation to invest the money of our tax-payers in shares which are continually falling. This is very bad business policy in public as well as in private affairs.

But these considerations are not the most prominent ones in Germany, for, according to the Prussian tradition, the military interest is the predominating influence in our policy. What are then the demands of the military interest? Each of the great nations which are preparing for the next war, France, Germany, Russia, are anxiously collecting a great fund of gold coin in the vaults of their central banks. In the next war both Germany and France may be forced to borrow enormous sums of gold coin from their central banks, and to suspend the specie payment of bank-notes during the time of war; then it will be of the greatest importance to have an established standard of value, which is everywhere accepted without artificial international

measures. The next war will cost enormous quantities of blood and enormous quantities of money. But the war money will certainly be gold. Since gold is the war standard, Germany and France, too, will prepare their standards in view of the coming crisis as they are preparing guns, powder and soldiers. This is not a political argument of high ethical value, but it is a forcible one for our present policy.

WALTHER LOTZ.

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## TAXATION OF LARGE ESTATES.

Since the death of Mr. Jay Gould, and the revelations concerning the magnitude of his estate and the amount of current taxes paid thereon, there is a revival of the discussion of the propriety of some form of pursuing legislation which should prevent escape from public burdens by rich men, or which should at least overtake them at death, if not before. There is a degree of excuse, not justification, in this readiness to outwit or avoid the tax gatherer in the fact that the public hand is thrust into the private pocket largely to sustain office-holders and jobs of party politicians. If one could be sure that the money paid as taxes, or as legacy exactions, was to be put to good, necessary or philanthropic uses, and was to be handled by men commanding confidence for probity and skill there would be less "tax dodging." This same feeling in past ages, and to some extent this is still the case, made of the ecclesiastics a sort of residuary legatee and general almoner. But under its shadow learning got only a small share, and science scarcely any.

Aside from this danger of the church becoming, as in the Latin countries and their American offshoots, the great property-holder, there is a distinct menace to free institutions and popular welfare in the perpetuation of large estates far beyond the lifetime of their accumulators, and long after all support of dependent kin has served as an excuse. Indeed, we find a part of the daily press advocating this holding together of large fortunes by trusts and artificial devices of the law, for industrial, commercial or other than benevolent purposes. It is a proposal to place the living generations under the constraint of hands long dead, through the pressure of money.

The subject of the disposition—testamentary and otherwise—of dead people's property is one in which the State

may intervene ; and history is full of examples, though the necessity for it for social reasons were, perhaps, never so obvious as in this Republic with its unprecedented growth of wealth by peaceful agencies. The right of the State so to intervene and regulate, and to take toll, need not be argued ; the fact that it has not been contested in our own courts is conclusive. But if it were indefensible on the existing grounds I have a suggestion to offer thereupon which will tend to remove the last vestige of objection from the testators, or intestates, themselves and come as near to satisfying insatiable heirs as any measure can, in fact much nearer than the present wasteful legal scramble in the courts.

In a paper read before the Section on Economics of the American Association for the Advancement of Science, in Washington, August, 1891, I advocated (1) making a legal distinction between a property competence, to be freely heritable, and a surplus which should be subject to State participation ; (2) the creation of a public legatee for the purpose of accepting gifts, legacies, and the proceeds of taxes on inheritances, and devoting them to works of philanthropy, charity, instruction, amelioration and compassion, on plans comprehensive and systematic, much more effectual than the donor could himself devise or organize, even if his will were to be respected.

It does not need a very extensive acquaintance with millionaires to know that they are, at heart, very much better than their testamentary dispositions would indicate. It is a very perplexing task to leave money where it will do more good than harm, though to the average reader it seems easy enough. Many of the very rich are truly to be pitied for the embarrassment they evidently feel at choosing successors to their wealth, which in the case of "self-made men" is especially keen. Their distrust of their own offspring is frequently shown by appointment of trustees to dole out annuities, with a blind hope, mingled with fear, that the next generation may perchance have the wisdom

which is lacking in that which has had the benefit of the testator's own training and example. They have their excuse: that to organize and endow a great public trust, so that it shall not degenerate into a quiet lot of snug sinecures requires more skill, time and strength than they have at command, and their desires may, after all, be frustrated. The State ought, I conceive, to provide a public legatee for noble aims, tending to invite, and qualified to administer, such endowments. As it is, each church and college and asylum is a sort of hat-in-hand mendicant, and it is a sore task to decide among them which are worthy and which unworthy. It seems some of our eminent multi-millionaires have devolved this duty upon a private almoner, but what can he know or see of the future use of the benefactions he recommends, or of the needs of those he passes over. This it is which converts our bishops, college presidents and evangelists into legacy hunters, and has turned so-called philanthropic agency into a distrusted, if not demoralized, competition akin to chicanery.

It has occurred to me that it may be useful just at this time to bring this question of the gospel of wealth from the region of glittering generalities where the ecclesiastic dignitaries, and other writers, have left it, down within the pale of practical politics by framing a skeleton enactment applicable to each State to meet this want, and at the same time to outline the working of what may be styled the attractive or compassionate side of sovereignty—a feature which seems to have been omitted in departing from the paternal type of government.

It is unnecessary here to go over the whole discussion of the various reasons for a new departure of the community in respect to huge fortunes; the nature, origin and tenure of property; the claims of the community (especially its helpless ones) thereon; the effect of example; the paralysis caused by "great expectations" of kindred; the undue influence of kindred, priest, doctor or counsel;



the airing of loathsome family scandals; the evasion of taxes; the injustice of the rule of the living by the dead generation. The principal objection to a succession tax, both in Europe and in New York and Connecticut, where it prevails in principle, is the fact that revenues so collected are merged with other money of the State and are disbursed for ordinary administrative purposes—it may be a fat canal contract, a job in public buildings or school books. Moreover, there is a special hardship in paying round commissions to either comptroller or collector for the simple performance of a duty for which he is otherwise amply paid.

To obviate this objection and for other more weighty reasons, it seems necessary to provide a special Department or instrumentality of the State which shall not be exposed to the ordinary temptations or contingencies of partisan office-holding. A board, or body, like the Regents of the University or the New York Central Park Commission, but with ampler powers, could be chosen to deal with this great work. The task is human, and the effort is daily being made in a sporadic, voluntary way. How much better to systematize it by specialists! Here is a case where the funds provided will be ample and unfailing; the problem is to find and lay out the best employment for them for the benefit of the whole public.

As a contribution to the question which ought to be acceptable alike to the millionaire, the socialist and the average citizen, and certainly to the average voter, I submit the accompanying short sketch of a law to regulate successions, tax inheritances, and devote the proceeds specially and sacredly to the work of making society better and happier.

#### AN [ORDINANCE, OR] ACT

*To regulate the succession of estates of deceased persons, in certain cases, and to levy a tax on the inheritance thereof for the benefit and promotion of works of benevolence and amelioration; also to create within this State a Department of Beneficence whose organ shall be an established Council of Betterments, qualified to receive*

*voluntary bequests, and other revenues ; to frame, carry out and organize systematic and comprehensive works of philanthropy, instruction, scientific research, embellishment and memorial arts.*

Be it enacted by the Senate and House of Assembly, etc. :

That the common law right of bequest be and the same is hereby modified and limited so that only so much of the estate of a decedent shall be under the ancient free testation as may be requisite to maintain the surviving members of his family, household or dependent or minor children until they attain to self-supporting age or condition, or for the support of kin during old age ; all excess or residue beyond this competence shall be subject to such imposts and charges as the Legislature may from time to time fix and impose for the benefit of the objects and purposes of this act mentioned.

SEC. 2. That from and after one year from the passage of this act, whenever any citizen or resident of this State shall die seized and possessed of real or personal property, or choses in action subject to the laws of succession, whether by devise or of intestacy, it shall be the duty of the Council of Betterments, hereinafter created and established, to collect from the heirs and successors to such property so passing, or portions thereof, as compensation to the State for its accord of peaceful possession thereto, enjoyment thereof and the confirmation and registry of title thereto ; as well as indemnification for current taxes thereon which may have been omitted or avoided by the owner, and in the exercise of its sovereign capacity in order to foster philanthropic aims which may for any reason have been overlooked, or which may be frustrated and which in the judgment of the Commonwealth have a reasonable claim upon the surplus wealth of its citizens and aliens after the proper claims of his dependent family or household shall have first been satisfied, the tolls or deductions hereinunder mentioned, namely :

*First*, From the share of any child (natural, acknowledged or adopted) or grandchild, who at the time of succession shall be a minor, or otherwise incapable of self-support, a deduction of five (5) per centum of the appraised value thereof.

*Second*, But if such child shall have attained lawful majority or otherwise be self-supporting, a deduction of ten (10) per centum on such value thereof.

*Third*, From the share of any father, mother, widow, widower, uncle, aunt, cousin, or kindred of any degree more remote than child or grandchild as aforesaid, a deduction of fifteen (15) per centum of such value thereof.

*Fourth*, But if such kinsman be adult, or otherwise self-supporting, then a deduction of twenty-five (25) per centum of the value thereof.

*Fifth*, From the share of any and all other heirs, or legatees, ascending, descending, collateral or not of kin, who shall be self-supporting and not of the family or household of decedent, or from the share of such association or corporation or trustee as shall participate in the benefits under this act, as hereinafter mentioned, a deduction of twenty-five (25) per centum of such value thereof.

*Sixth*, From the share of such association or corporation or trustee as shall fail or refuse so to participate in the benefits and become subject to the authority and visitation of the officers of state as provided in Section 7 hereof, then a deduction of fifty (50) per centum of such value thereof.

*Seventh*, The estates of persons dying without known issue, or acknowledged heirs, or where the same are manifestly repudiated or repugnant to the decedent, are escheated to the State to be turned over to the said Council of Betterments, chargeable, however, with equitable or moral obligations (if such shall appear within a reasonable period) to be used for the general purposes thereof.

*Eighth*, Provided, always, that no such tax shall be levied or collected on the shares of minors or dependents of the first class, except on the amount in excess of ten thousand dollars (\$10,000); nor on the shares of minors or dependents of the third class in excess of five thousand dollars (\$5,000); nor shall the homestead, its furniture, fittings, ornaments, implements, or customary belongings, be accounted in the appraised value of any share, nor be subject to any deduction, to the end that comfortable and beautiful houses may be encouraged and not discouraged; but money bullion, precious stones, gold or silver plate, jewelry, pictures, carriages, merchandise, artistic, or curious collections, beyond the ordinary and suitable requirements of the successor, shall be so subject to appraisal and deduction. Gifts or legacies to the said Council of Betterments, or to such eleemosynary, charitable, religious, or educational agency, corporation or association as shall be co-operating therewith and subordinate thereto as provided in Section 7 hereof shall be specially exempt from all appraisal or deduction therefrom.

SEC. 3. The creation of Trusts to be effectuated wholly or in part after the death of the testator, for illegal, immoral, fantastic, pernicious, obscure, or unpatriotic purposes; or for the benefit of unborn progeny, beyond the second generation, whether *in esse* or *in posse*, is discouraged and declared voidable at law, on the motion of the said Council of Betterments; and authority is hereby conferred on it to bring suit in the name and for the behalf of the people for their annulment, subject always to equitable charges thereon as the courts may determine. The tolls or taxes herein authorized to be deducted

and collected are made and declared to be a lien upon the estates so in succession until adequately discharged, nor shall the courts of this State, nor the machinery of its organization be available to settle, register, or confirm the title thereto, or secure possession and enjoyment thereof where concealment or wilful evasion shall have been resorted to by the decedent, his successor, or beneficiaries. The receipt of the said Treasurer shall, however, be held to be *prima facie* evidence of payment and discharge of tolls *pro tanto* as expressed thereon.

SEC. 4. The power and authority to increase, diminish, or to abolish the said tolls or taxes upon the succession to estates of deceased persons, or the amounts thereof which shall be entitled to exemption therefrom, or to vary the degree and manner of their imposition, is expressly reserved to the Legislature and Executive as in other statutes, also to change the number, time and manner for the choice of members of said Council; but otherwise the Council shall be the sole custodian of the proceeds of such enforced tolls, which tolls shall be kept by its Treasurer, and not merged with other moneys of the State, nor subject to the control of either Legislative or Executive Departments, except as hereinabove mentioned; and the existence of said Council, its power to accept voluntary gifts, testamentary bequests and to exercise supervision and devote such funds as shall come into its possession to the objects and purposes hereinafter mentioned are expressly declared and made independent and permanent in tenure.

SEC. 5. That there be and hereby is created and established, as a distinct, co-ordinate and permanent department of the government of this State, a special board of amelioration, compassion, social advancement and legatee on the public behalf, to be known and designated as "The Council of Betterments;" said Council shall consist of one member, chosen from each county, with an additional member from such counties as shall contain, by the next preceding census returns, over one hundred thousand inhabitants, for each one hundred thousand so in excess. Such members shall be chosen by ballot, in the manner, but not at the date, prescribed for Judges of the Supreme Court. After being sworn to faithfully perform the duties of their office, such members shall hold office during life, unless sooner disqualified by age, infirmity, or malfeasance in their trust, but shall at all times be subject to impeachment and removal for misconduct, in the manner provided for Judges of the Superior Courts. Each of said members shall be entitled to a salary of six thousand dollars (\$6,000) per annum, payable in quarterly installments from the treasury of the said Council of Betterments hereby created, and shall have no other fees or emoluments thereabout.

SEC. 6. It shall be the duty and the privilege of said Council of Betterments to represent the people of this State, by its president, treasurer, or by special counsel or proctor, before Probate Courts or other tribunals in all actions or causes, within or without the State, whenever the property of its citizens, residents or others than residents, is sought to be passed or confirmed by will or devise, or in cases of intestacy, or in which the people have a substantial interest to be affected, as by this act and other public statutes provided, to the end that the purposes of this act, and acts supplementary thereto, may be adequately defended and asserted. It may also tender its good offices in all cases of dispute as to the partition of estates, or testamentary disposals, for the behalf of the objects and aims placed under its charge as hereinafter mentioned.

The tolls or taxes herein authorized to be levied shall not be merged with other moneys of the State, but shall be kept by the treasurer of said Council, as the majority thereof shall direct, separate and independent of either executive or legislative interference or control and be specially pledged, held and devoted to the purposes of this act.

The receipt of the treasurer shall be affixed to all payments of money into said fund as required by this act, and of the president and secretary to all acceptances of gifts or bequests of lands, buildings, memorial, scenic or artistic structures, or other objects received by the Council.

The president and the treasurer shall each submit annually, in writing, a statement of operations of said Council to the Governor, to be by him laid before the next convening Legislature, showing the receipts and disbursements, giving the name of each estate and the parties from whom money or other valuable property has been received, the purposes for which and the amounts of money disbursed, together with such recommendations touching the working of the law and the advancement of its contemplated works as experience shall suggest.

SEC. 7. It shall be the duty of said Council to apply the revenues so accruing to works of amelioration, alleviation, embellishment, to the acquisition and diffusion of useful knowledge, and for wholesome relaxation from toil and care, for the benefit of the whole people such as shall be by the Council found worthy of initiation, support or assistance, and such as they may from time to time adopt, select or encourage. For this purpose the public parks, pleasure grounds, drive-ways thereof, the places of sepulture, memorial structures, collections of prehistoric or historic relics, zoological, botanical, archæologic curiosities; also the prisons, poor-houses, reformatories, asylums, or other retreats for the care of defective or criminal classes, sustained in whole or in part out of the public taxes, or by contributions from

the said Council of Betterments, be and they are hereby placed under the control and charge of said Council for the purposes of supervision and regulation, in accordance with the intent of this act.

There is hereby conferred on said Council power and authority to visit, inspect and report upon the organization, the inmates, officers, management, revenues and property of any charitable reformatory, religious or educational corporation or association with in the State, which shall receive any assistance, compensation or revenue from the public taxes, or from any municipality therein; and the receipt of any thing of value therefrom shall, *ipso facto*, subject such person, corporation or association to the authority herein conferred.

SEC. 8. It shall be the duty, in like manner, and as resources and occasion may justify, to invent, supply and maintain means and measures for the training, reformation and rational enjoyment of the neglected youth of the Commonwealth; also to promote in a systematic, economical way the care and welfare of foundlings, orphans, decrepit, incurable or senile population. To that end it may found schools of applied science, arts, music, domestic cookery or handicraft in such manner as will in its judgment, without pauperizing or degrading the recipients, promote the welfare of society.

*Provided always*, That no such undertaking shall be begun or entered upon until there shall be at the command of the treasurer a fund sufficient to satisfy the cost thereof for at least one year; nor shall the Council have power to create any indebtedness, anticipate accruing revenues, engage the credit of the State, issue bonds, promissory obligations, or, except for transitory emergencies, debentures, of which report shall be made to the Governor annually as hereinbefore provided. Provided further, however, that said Council is authorized and empowered, nevertheless, through its president and treasurer, to receive from any person or corporation, by gift or bequest, money, land or other thing of productive value to be applied to the said works of benevolence, presently or upon the happening of an unforeseen event, and for that purpose may issue its annuities payable to the donor, testator or other beneficiary for such term, and under such regulations and precautions, as the Council may prescribe and the treasurer by public notice make known.

SEC. 9. This act shall take effect from and after its passage, and all acts and parts of acts inconsistent herewith are hereby repealed.

R. T. COLBURN.

Elizabeth, N. J.



## ON THE USE OF SILVER AS MONEY IN THE UNITED STATES.

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### INTRODUCTION.

The history of monetary experiences cannot be too often considered. This consideration is particularly applicable at the present time to silver in its relation to American coin currency. Until quite recently silver has been but little used by the people of the United States as money. Indeed, it is still practically true that it is only used for change, as no large bills are issued on the silver reserve. Under existing law, however, the government is obliged to purchase an amount of silver nearly, if not quite, equal to the product of American mines. A new experiment is thus being tried, the result of which it is exceedingly difficult to predict with definiteness. An historical study is therefore timely.

The silver question, moreover, is "in politics." It has even come to occupy a most prominent position, and there has been developed not only a keen public interest in the philosophy of the bimetallic controversy, of which the silver question in the United States is but a phase, but a strong desire for accurate knowledge regarding the history of our currency.

The free coinage party are practically urging still another experiment. In considering it and the future currency policy of the country, and of the world, too frequent reference cannot be made to the results of the several experiments in currency legislation which former Congresses have undertaken. History may afford some light to guide us in selecting or in avoiding certain courses of action.

The subject has been treated by many writers in recent

times, either in special treatises,\* or in the systematic text-books on political economy, particularly those by Andrews, Ely, and Walker. Three international conferences have been held in the vain hope of securing concerted action by the principal commercial nations. The question has been made the subject of investigation by Congressional and by Royal Commission. Yet, in spite of books and reports, of investigations, prize contests, and the rest, widespread ignorance remains regarding the prominent and fundamentally important facts in the history of the use made of silver as money by the people of the United States; the laws which have been passed; the conditions which gave rise to these statutes; and the effect of the various enactments on the circulation of coin throughout the community.

Materials for original study are to be found in the statutes themselves and in the reports of the Congressional debates connected with their enactment, in reports to Congress, in petitions, and in current financial literature. The reports of the Silver Commission of 1876 and of the International Monetary Conferences of 1867, 1878, and 1881 are replete alike with information and with argument concerning the relative merits of gold and silver for use either separately or conjointly as money. Abstract discussion of the advantages or the dangers of "bimetallism" is not attempted here: it is the aim of the writer to show the actual use made of silver as money during the century, by the people of the United States, and to explain the reasons for that use, in the hope of correcting false ideas and disseminating a knowledge of the necessary conditions of bimetallism.

\* Sumner, "History of American Currency" (1874); Cernuschi, "Nomisma, or Legal Tender" (1877); Linderman, "Money and Legal Tender in the United States" (1877); Weston, "The Silver Question" (1878); Walker, "Money" (1878), and "Money, Trade and Industry" (1879); Bolles, "Financial History of the United States," 3 vols. (1879-1886); Knox, "United States Notes" (1884) (third edition 1888); Upton, "Money in Politics" (1884); Laughlin, "History of Bimetallism in the United States" (1886); Nicholson, "Money and Monetary Problems" (1888); S. Dana Horton, "Silver in Europe" (1890); Boissevain, "The Monetary Question" (1891); Cowperthwait, "Money, Silver and Finance" (1892); Ehrich, "The Silver Question" (1892); Taussig, "The Silver Situation in the United States" (1892).

## EARLY HISTORY OF THE MINT.

In 1783 Robert Morris presented to the "United States, in Congress Assembled," a specimen American coin. Our national coinage may be said to date from the making of this coin.

For several years the matter had been under discussion and had been made the subject of special reports; but Congress repeatedly postponed definite action. The report of a special committee created in 1784, of which Jefferson was a member, outlined a plan, based on the report of the Superintendent of Finance. On July 6, 1785, and August 8, 1786, more definite regulations were made in anticipation of the creation of a national currency, and finally, on October 16, 1786, there was enacted "An Ordinance for the establishment of the Mint of the United States of America and for regulating the value and alloy of coin," and provision was made for the employment of proper officers and workmen in the Mint. This plan, however, was never carried into execution, as matters of greater importance occupied the government and the people of the United States. It was not until after the adoption of the Constitution that the Mint was established, and it was practically a generation and a half before a national coin currency came into general use.

In the practical administration of affairs it is often an imperative necessity that, with or without the aid of legislation, the kind of money to be received by the government in payment of taxes, dues, etc., shall be determined. When income does not equal expenditure, it becomes necessary for a government to borrow money. During the Revolutionary War the Congress of the United States had authorized the executive officers to borrow dollars. But what is a "dollar?" No one is disposed to ask this question when the currents of industry, trade and commerce are flowing smoothly. It is only in periods of sudden change and uncertain credit, or of legislative interference with the representative of the money of account, that doubt arises. In the years following the

adoption of the Constitution the matter became one of serious difficulty, requiring for its resolution the careful and disinterested consideration of the statesmen of the period.

In a certain sense it is entirely in the power of Congress to determine what shall be considered a dollar—what shall be the monetary unit of the country. Every industrially developed community must have a money of account. It is at once the evidence and the basis of commercial progress. It is the condition of trade on a large scale. But the political power in the State, the statutory law, determines what shall be the material representative and coin equivalent of the unit of account, as well as what shall be legal tender in payment promises of to pay money and in settlement of obligations. By the Constitution of the United States (Article I., Section 10) the States are forbidden to "coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts." And by Article I., Section 8, clause 5, Congress is given power "to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures." This power Congress has repeatedly exercised.

When, under the Articles of the Confederation, Congress instructed the Superintendent of Finance to report a table of rates at which the different species of foreign coins, most likely to circulate within the United States, should be received at the Treasury, Morris insisted, by way of reply, that "In the present moment [1782] it is by no means of such consequence to establish the relative value of different coins, as to provide a standard of our own by which in future to estimate them." His report\* was devoted to an exposition of the dangers and disadvantages threatening the existing currency and to the presentation of a plan for improving it. He argued that a uniform currency was necessary to industrial security and development. Coins of every description—Spanish and English coins, coins of France and coins of Portugal—coins of various values and

\* Diplomatic Correspondence, Vol. XII., p. 81

of varying value—all were current in different parts of the country. The pound was the money of account, but most diverse ideas prevailed regarding pounds, shillings, and pence. The want of small coin for the common occasions of trade; the need of a legal tender to protect both the honest debtor and the honest creditor; the disappearance of the depreciated medium, the Continental currency, with its infinite inconvenience and danger;—all argued the wisdom of adopting an American coinage system and of establishing a government mint. The time appeared opportune. There was a sufficient supply of specie in the country: it needed only to be recoined into American coins, and this could be done in a very short time. Above all, the public credit, which was almost completely broken, would be greatly strengthened. In the mind of the Superintendent, or of his Assistant, Gouverneur Morris, who is probably the author of the report, in the main, the opportunity imposed the duty. Still, for a decade, Congress took no action.

The conclusive argument, the compelling cause, which finally brought partial order out of monetary chaos, was indicated by Hamilton in his report on the "Establishment of a Mint," January 28, 1791. "The dollar originally contemplated in the money transactions of this country," says the report, "by successive diminutions of its weight and fineness, has sustained a depreciation of five per cent. . . . The value of property . . . fluctuates with the fluctuations of a foreign mint." Manifestly there was neither security, convenience, nor economy in dependence upon a foreign mint. Depreciation and debasement of our money by acts of a distant sovereign were not to be tolerated. The Second Congress, by the Act of 1792, attempted to provide the means for securing a uniform, convenient, and intelligible system of national coins.

Perhaps the most important feature of the act establishing the mint was the provision authorizing the free coinage of both gold and silver. Both metals were to be coined gratuitously

for all comers, in the order of arrival. The legal step tending toward bimetallism was taken in this first act regulating the currency. The silver dollar or unit was "to be of the value of a Spanish milled dollar" as the same was then current, "and to contain," continues the statute, "three hundred and seventy-one grains and four-sixteenths parts of a grain of pure, or four hundred and sixteen grains of standard silver."\* This unit for silver coins was not that proposed by Morris—one-quarter of a grain of pure silver, with 1440 to the dollar—which Jefferson had characterized as too minute for ordinary use and too laborious for computation. It was not the unit urged by Jefferson himself, who desired a single unit both for weight and for money. It was not entirely the dollar suggested by Hamilton. The pure metal contained,  $371\frac{1}{4}$  grains, was in accordance with his proposition, and it is interesting, though perhaps not important, to note that no change has since been made in the weight of pure metal in silver dollars except for the small number of trade-dollars coined in the seventies. The gross weight, 416 grains, was that of an average lot of Spanish coins bearing the date 1761, but then no longer current.

The principles and proposals of Hamilton concerning gold coins were adopted entire. The gold coins were spoken of as *units* or *dollars*. "A preference," he says, "ought to be given to neither of the metals, gold or silver." He was of the opinion that the money unit had virtually been gold rather than silver, silver dollars having circulated by tale as a mere money of convenience, without much regard to either weight or fineness; but he presented what seemed to him strong reasons for endeavoring to make permanent the concurrent circulation of both kinds of money. Both alike were required for home and for foreign trade.

\* This most peculiar proportion was not actually adopted by the mint authorities until 1796, after Congress had repeatedly refused to modify it, and the Director of the Mint was unwilling longer to disobey the statute. Why this inconvenient standard,  $371\frac{1}{4}$ , was first adopted and then forced on the mint, it now seems impossible to determine.



"If gold be most convenient," he said, "in large payments, silver is best adapted to the more minute and ordinary circulation. . . . To annul the use of either of the metals as money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full, with the evils of a scanty, circulation."

Hamilton was a practical bimetallist. He aimed to secure the concurrent circulation of the two metals for commercial convenience. To-day "free coinage" is demanded on the score of justice as between debtor and creditor. The concurrent circulation of the two kinds of coins proposed is at least a matter of doubt; it might or it might not result, by raising the price of silver to \$1.29 per ounce, as is predicted.

Bimetallism is to be defined either as a state of the law or a state of the currency. If the latter is accepted as the most satisfactory definition of the term, the state of the law must be regarded as merely the means to the end, and practical bimetallists—those who seek the end—may and will differ as to the law which will prove most efficacious under any existing circumstances. Mr. Bland asserts, and some, perhaps all, of the men who act with him honestly believe, that concurrent circulation would result from a law allowing the free coinage of both metals at the old ratio of 16 to 1. Hamilton, a century since, in considering the state of the currency, believed that the two kinds of coins would circulate only if made at the ratio of 15 to 1. He fully appreciated the difficulties of successfully carrying out the policy of bimetallism, and the necessary consequence which would follow any considerable underrating of either metal—"banishment of that which is undervalued; . . . diminution of the total quantity of specie which a country would naturally possess; . . . greater and more frequent disturbance of the state of the money unit." He therefore urged that care be taken to regulate the proportion of pure metal in the two varieties of coin, "with an eye to their average commercial value."

Hamilton, placing this market ratio at very near 15 to 1, and believing that this ratio would be permanent, proposed (1) gold coins, with  $24\frac{3}{4}$  grains, and (2) silver coins, with  $371\frac{1}{4}$  grains of pure metal to the dollar,—

“The alloy in each case to be one-twelfth of the total weight, which will make the unit 27 grains of standard gold, and 405 grains of standard silver. The former,” he continues, “is exactly agreeable to the present value of gold, and the latter is within a small fraction of the mean of the two last emissions of [Spanish] dollars—the only ones which are now found in common circulation.”

The questions before Congress, as enumerated by Hamilton in this report, were the following :

1. As to the nature of the money unit
2. As to the proportion between gold and silver, if coins of both metals were to be established
3. The amount and composition of the alloy
4. The amount of seigniorage
5. The number, denomination, sizes and devices of the coins
6. The currency of foreign coins.

The answer which Hamilton gave to the first and second of these questions was simply, That the law should recognize and endeavor to make permanent the conditions of the currency existing at the time so far as the unit and the concurrent circulation of both gold and silver coins were concerned, and should establish and preserve a standard dollar by the substitution of national coins for a miscellaneous lot of semi-international coins with constantly changing values.

These principles were practically those presented by Jefferson in his letter of 1784. In the time intervening after that report was written Jefferson had studied with care the practical features of the art of coining as practiced in Europe, and had acquainted himself with workers in metal and the possibilities of securing officials for the Mint. When the Mint was established, in 1792, it was placed under his charge in the Department of State. We may conclude

then that, while the outline of our system of currency was determined by the conditions of colonial trade, its distinguishing characteristics may be ascribed in about equal measure to the influence of these three men—Morris, Jefferson and Hamilton.

In the discussion regarding the Mint and the currency during this early period one seeks in vain for any evidence of a bimetallic controversy like that of recent times. As a state of the currency in every way desirable and convenient, *bimetallism was an acknowledged fact*. It was accepted not only as practicable but necessary, and the law which laid the foundation of our national coinage system was conceived for the purpose of providing the legal conditions necessary to its continuance. It had been, and for a long time it continued to be, an open question whether the expenditure necessary for the establishment of a government mint would be a good investment. But when it was determined to undertake this work discussion seems to have become limited to the purely practical considerations of convenience in the coins. Indeed, little more interest was manifested in the subject, at the time, than during the days of the Continental Congress. Though the bill was before the Senate several times between December 21 and January 9, the only reference to it in the Annals of Congress regards the employment of officers, the keeping of accounts, and the emblems to be borne by the coins. The latter subject occasioned an interesting and an amusing discussion in the House, and even resulted in a difference between the two Houses. The Senate had proposed a representation of the head of the President for the time being, with his name, etc., but it was objected that to do this was to incur the danger "of imitating the flattery and almost idolatrous practices of monarchies." Despite the popular ridicule of the idea of "the people's being enslaved by their President, and much less by his image on their coin," the House of Representatives, by a vote of 24 to 32, refused to recede from its amendment in

favor of a design "Emblematic of Liberty." The Senate ultimately accepted the amendment, but the character of the emblem was left entirely to the discretion of the administration.

April 2, 1792, the Act was approved by President Washington, who had been authorized the year previous to engage artists and procure apparatus, and the work of minting began at once. But the making of coin was a new industry in this country. The initial difficulties to be overcome were many and great. Workmen were to be obtained, and the plant, and the raw material furnished; suitable buildings, furnaces, delicate machinery, dies, rollers, presses, drawing and milling machines were wanted; and both materials and tools were lacking, and machinists and skilled workmen were not easily found. Finally, when the Mint was ready for work, there was little work to be done. Coin and bullion were sent in small quantities only, and the treasury did not provide means for the purchase of bullion. The expense of refining, much greater then than now, was at first borne entirely by the government. Again there were no laws which properly protected the government in the monopoly of coinage. In the report for 1795, the Director of the Mint states that mints were erected at Baltimore and elsewhere, professedly to imitate the coins of foreign countries and to furnish a debased gold coin for the West India market. How much minting they did is not stated.

The minor and technical difficulties relating to methods of manufacture and management were gradually overcome, partly with, partly without, the aid of legislation. But the major difficulty remained: neither coin nor bullion was offered at the mint with any regularity or in sufficient quantities\* to employ the mint officials or to affect appreciably the coin currency of the country. This lack of material was at once a cause and an effect of the difficulties

\* See American State Papers, Finance, I., pp. 476 and 504.

encountered. Neither gold nor silver was produced in the country; no private interest existed anxious to avail itself of the privilege of having its product gratuitously manufactured by the government; neither was there any inducement for individuals to offer foreign money for recoinage while the foreign coins were convenient and were full legal tender.

Worst of all, the treasury entirely failed to co-operate with the mint in the effort to provide a system of national coins. Even after inquiry on the part of a House Committee, the secretaries refused compliance with a very definite provision of the statute, according to which all coin received by the government officials in the treasury department was to be sent to the mint and recoinied into American money before being allowed to pass into circulation again. It is true that the governmental transactions of receipt and in many instances expenditure of moneys took place at distant points. The officials in charge apparently deemed it unwise to entail the expense of transportation in both directions. Even the money received in Philadelphia was not sent to the mint. As late as 1803, the Director of the Mint reports that no precious metal had been coined on account of the Government of the United States.

Hamilton had considered three years an ample time for the conversion of the coin currency of the country. The average annual net "ordinary" receipts of the government from 1796 to 1800 were over \$8,000,000—an amount certainly equal to one-half the total amount of coin in the country at the time. That the conversion of the coin was possible within three years is conclusively shown by these figures; still the average annual coinage at the mint for the decade 1795-1805 was only \$500,000. If the treasury department, which had recommended it, would not conform to the law seeking to substitute a national for a foreign coin, it was not to be expected that individuals would do so, or would voluntarily undertake the task.

The few coins that were made were soon exported. The cheaper coins—those invariably chosen when preference is offered—were the worn and depreciated foreign coins. New American coins could not “drive them out.” English, French, Spanish and Portuguese coins circulated freely, and from time to time certain of them were made legal tender, at specified rates, by tale or weight. The American dollars and eagles were exported, because worth more as commodities in other markets than as a circulating medium or a means of paying debts in the United States. Gold coins were not issued until the latter part of 1795, and as early as 1798 it was stated in Congress that a large quantity had been seen in a goldsmith’s window in England. “Thus easily do our eagles take their flight.”\*

In the first years of the century the drain of silver *dollars* was so great that the government ceased making them after March, 1804, none being issued thereafter until 1836. It is worthy of note that this policy was originally adopted by the administration as a means of preventing the exportation of coins, and was followed by the mint authorities without any specific law authorizing them to refuse to coin silver dollars.

During all this time the mint occupied a precarious position; even its continuance became a matter of dispute. By many it was regarded as an expensive luxury, a needless burden, which ought not to be borne longer. It was urged that it cost \$1.00 to coin \$10.00. In 1802 a bill to close the mint passed the House, but failed in the Senate. After extended discussions, the acts were passed providing for the continuance of the mint at Philadelphia for a period of from one to five years. It was not until 1828 that the bill passed Congress providing for its permanent establishment. In 1782, in the report of the superintendent of finance, it was urged that the coins put into circulation should be few and simple, in order that they might “become familiar to

\* “Annals of Congress,” 5th Cong., Vol. I., p. 750.



all ranks and degrees of men." Nearly two generations passed away before the first American coins, the very coins—of gold—which Morris had held we should never need, became thus familiar to the people; and the third generation was well advanced before a general national coin currency was secured by the subsidiary coinage law of 1853 and the laws of 1864, 1865 and 1866 authorizing the smaller token coins.

Bank-notes were more successful in the competition with foreign coins. After 1800 the bank circulation became an important factor in the currency of the country. Prior to that time the currency of the country was composed almost entirely of gold and silver money. Subsequently banks came into existence in rapid succession. The Bank of the United States (1791-1811) afforded a reasonably satisfactory credit currency; but its dissolution in 1811 occasioned an enormous increase in the credit currency of the country. In 1815 the domestic paper which the treasury felt obliged to receive was of every degree of unsoundness. Specie payments had been generally suspended in 1814. The latter part of the war had been conducted almost entirely on treasury notes instead of long loans and bonds. In his report of December 6, 1815, Dallas stated that it was impossible to estimate the working value of the income of the government. "The possession of funds in one part no longer affords evidence of a fiscal capacity to discharge a public debt in another part of the Union." The differing values of the foreign coins used established at least seven different standards of value in the current money. The situation was as serious as in the days before the adoption of the Constitution.

The period from 1815 to the panic of 1819 was one marked by extreme fluctuations, prices and credits changing with war-time rapidity. There were no uniform and convenient instruments of credit; no medium existed for circulating obligations and facilitating transfers of the

evidences of debt; no money of constant value was circulated throughout the length and breadth of the land; there was no secure basis for any portion of the vast amount of credit currency; no standard or "common denominator" of value. All things were measured in the primitive unit—a day's labor. Net imports rose and fell as follows, in millions of dollars: 1814, 12.8; 1815, 106.5; 1816, 130; 1817, 79.9; 1818, 102.3; 1819, 68. The net ordinary receipts of the government were 15.7 million dollars in 1815, 47.7 in 1816, 33 millions in 1817, 21.6 in 1818, and \$24,600,000 in 1819. Exchange on London, which had fallen to twenty per cent discount on the nominal par (\$4.44  $\frac{1}{2}$ ) in 1812, was twenty per cent premium in 1816. The depreciation of the paper currency was an important element in the situation, and a direct cause of the deranged state of industry and commerce.

The evil effects of unsound currency and the necessity for a mint and a national system of coinage were felt even more strongly after the panic of 1819 and the resumption of specie payments by the Bank of England after a suspension of twenty-six years. As between individuals, it is contrast with others that develops economic wants among nations. In international intercourse, trade and competition, it makes but little difference how poor the currency of a country may be, and indeed its deficiencies are not realized, until other nations secure a money of a higher industrial grade. In 1814 a deranged currency and the suspension of specie payments operated as an expelling force. In 1819 organization and system abroad, the resumption of specie payment in the English currency, added an impulse attracting the better part of our currency to other countries.

As a means of relief from currency difficulties Congress chartered the (Second) Bank of the United States in 1816, with right to establish branches and with privileges of issue, and revived for three years an act making certain foreign coins legal tender. Again a bank-note circulation, with

foreign coins as a basis, was accepted as our national currency. This secured neither soundness for the credit currency of large transactions, nor convenient fractional money for retail trade.

In his report on the banks and the currency in 1820, the Secretary of the Treasury, Crawford, stated that small notes circulated in a majority of the States to the exclusion of silver. Small change was not abundant anywhere except in Philadelphia, the seat of the mint. Tickets of  $6\frac{1}{4}$ , 10,  $12\frac{1}{2}$ , 25 and 50 cents, issued by mayors and corporation officers, and dollar bills torn in two pieces for the purposes of change, were everywhere used. "The fractional parts of a dollar," he said, "are so indispensable in the transactions of individuals that anything which assumes that character will be employed."\*

Two other plans were proposed in 1816 and 1819 for securing a better currency, but neither was adopted. First it was proposed to prohibit the exportation of coin; for the new coins were regularly exported, particularly to India. Both the Secretary of the Treasury and the Senate Committee reported against the bill proposing the old remedy of a prohibition on the exportation. Such a law, they claimed, could not possibly be made effectual in any country, least of all in the United States; and so far as it was actually operative it would be in favor of the more corrupt and dishonest portion of the business community. Congress did not commit the folly of enacting this law: the testimony of history to the inefficiency of the means was too great. Neither did it then adopt the second plan proposed—that of reducing the weight of the monetary unit and thus making a given amount of metal in the shape of an American coin worth more in domestic trade and for the payment of debts at home than for export. This plan had been strongly urged in 1816, and was favorably reported on by a House Committee in 1819. In the latter instance it was recommended

\* Report of February 12, 1820. American State Papers, Finance, III., p. 494.

that a charge of 14.85 grains be made for seigniorage on fractional silver coins, their legal tender quality being limited to the payment of debts of five (5) dollars or less, and that the weight of the gold coins be reduced about four per cent.

By this time gold had disappeared entirely from circulation and even in goodly measure from the vaults of the banks. Their reserve was largely fractional silver. Foreign coins circulated in seaport towns and on the frontiers, where bank paper was not received. But again, the only action taken by Congress in 1819, was to extend the life of the mint for another period of five years, and to continue the legal tender quality of certain foreign coins—Spanish coins indefinitely and French silver coins for four years.

The amount of gold and silver coins issued by the mint of the United States in each quinquennial period, from 1792 to 1834, is as follows, in millions of dollars :

|        |    |      |   |   |   |   | Gold. | Silver. |
|--------|----|------|---|---|---|---|-------|---------|
| 1794-5 | to | 1800 | . | . | . | . | 1.    | 1.4     |
| 1801   | "  | 1805 | . | . | . | . | 1.5   | .5      |
| 1806   | "  | 1810 | . | . | . | . | 1.7   | 3.1     |
| 1811   | "  | 1815 | . | . | . | . | 1.4   | 2.6     |
| 1816   | "  | 1820 | . | . | . | . | 1.8   | 3.4     |
| 1821   | "  | 1825 | . | . | . | . | .6    | 5.9     |
| 1826   | "  | 1830 | . | . | . | . | 1.3   | 11.     |
| 1831   | "  | 1833 | . | . | . | . | 2.5   | 8.5     |

This period has been called the silver period by the historian of bimetallism in the United States.\* It is much more distinctively *the period of bank notes and of foreign coins*. Indeed it can hardly be said to have been a period of American coinage. In describing it, Professor McMaster says :†

"The coinage, though national in name, was not national in value. The old stockings of the people were full of coins bearing the stamps of many foreign mints, called by all manner of names, and possessing different values in different places. . . . They had been in circulation long before the war for independence, had seen much service,

\* Professor J. Laurence Laughlin, of Chicago University.

† "History of the People of the United States," Vol. I, p. 189.

and were none the better for the wear and tear they had sustained. The four pence pieces passed for six and a quarter cents if the inscription was legible, but only for five if smooth and 'crossed.' The nine pence passed for twelve and a half cents. The pistareen was worth twenty cents. The picayune went for six and a quarter cents. . . . Some shilling pieces and six pence pieces were to be found in circulation down even to the Civil War, and were, with the fips, the levies and the pistareens, the last relics of a time happily passed away."

#### THE GOLD COIN BILL OF 1834.

The first important change in the laws relating to our coinage system was made in 1834. Its purpose, according to the advocates of the measure, was to resuscitate the gold currency. The administration had been successful in its prolonged contest with the bank. This fact, together with the increasing importance of gold mining in the Southern States, seems to have been the direct occasion of the law and to have determined its character. It was approved by President Jackson on June 28. By it the weight of the gold coins thereafter issued was to be about six and a quarter per cent less than under the law of 1792. This, says Mr. Laughlin,\* *debased* the gold coins of the United States 6.26 per cent, and to that extent the law gave gold *a less legal-tender value* than it had possessed before 1834. (The italics are my own.)

But is this *debasement*? It would seem rather to be a provision for the manufacture of another kind of commodity. Debasement of a coin implies its being called in by the government, in a more or less despotic manner, and the enforced substitution of one of less value. It is a depreciation of the monetary unit under forms of law, an arbitrary political attempt to get something for nothing. In the present instance, however, there were very few coins which could be called in, nine-tenths of all those issued having been exported or melted, and provision was made in the law for rating such as still existed and were presented at the Mint

\* "History of Bimetallism in the United States," p. 70.

in proportion to the pure metal they contained. Before 1834 an amount of gold worth 103 or 104 cents had been legal tender for \$1. But certainly this was not a very valuable privilege of which owners of gold were deprived. The old gold coins had not served as money in America for twenty years and more.

But it was now desired for two reasons to secure a gold currency. For twenty years the currency question had been under discussion. It had been made the subject of special investigations by, and lengthy reports to, Congress. Secretaries of the Treasury, notably Crawford in 1820 and Ingham in 1830, had vied with Chairmen of Congressional Committees—Lowndes in 1819, Sanford in 1830, and C. P. White in several reports from 1831 to 1834;—secretaries had vied with chairmen, in preparing extended treatises on the nature and character of currency and in devising plans for improving the condition of American currency. But Congress paid little heed to reports and petitions. The paper currency of the country and foreign silver coin continued to serve as the money of the community. It was in the interest of those who supplied the former to maintain as strong a demand and as complete a monopoly as possible. The Secretary of the Treasury said in a letter to the Committee of Ways and Means that the great evil of the currency was the disproportion between the paper in circulation and the coin prepared to redeem it, and urged that the first step toward a sound currency was to reform the coinage of gold.\* Only a gold currency, it was claimed, could compete with, or form a proper basis for, a paper currency. The fancied special interest of a particular class, the owners of gold mines, added the impulse needed to secure legislation.

Some sort of currency a community must have. Industrial and commercial needs compel its creation. The law only regulates it or invites the creation of a particular kind. The general public accept foreign coins and a voluminous

\* Quoted in the Debates in Congress, Vol. X., p. 4644.



paper currency based on them, despite the disadvantages and dangers, until a stronger interest is enlisted in supplying a better currency. The first requisite of the currency for ordinary transactions is that it be simple, convenient and uniform. A great variety of bank-notes and of foreign coins, of different values in different portions of the trading community, cannot constitute a good currency. The first improvement to seek is uniformity, and thus familiarity. Fips and tuppenny bits will circulate till worn smooth as glass, and paper dollars until badly torn, patched and dirty, simply because they are familiarly known. It had been expected that the Bank would secure the desired end. But in his first message to Congress, in December, 1829, Jackson stated that the bank had entirely failed in the effort to establish a uniform and sound currency. Certainly this statement, and the subsequent policy of the administration in the contest with the bank, was not calculated to secure to the currency either uniformity or soundness. There was thus apparently another reason for currency legislation.

In the early period the question had been, Shall we have American coins? The issue was entirely between the acceptance of the system of foreign coins left over from colonial days and the substitution of domestic or home-made, *national*, coins. The foreign coins and a paper currency won the day. The question now was, Shall we have coin or paper, hard or soft money? The practical question before Congress concerned the legal restrictions and regulations necessary to secure the chief requisite of a credit currency—soundness. The great desideratum in money is stability. That the dollar, the monetary unit, should be invariable becomes increasingly important as the use of credit instruments is extended. A measure, or standard, cannot be good if variable.

In 1834 the basis of our credit currency was made up of foreign coins and the fractional silver coins. Foreign gold coins had ceased to be legal tender in 1819. Little gold of

any kind, native or foreign, remained in circulation after 1820. The silver coins were old and worn. The larger part were Spanish—the only foreign coins which were legal tender from 1827 to 1834. They had been in circulation from twenty to one hundred years. The bulk of the currency was paper—the notes of a great number of banks. These banks were of every degree of solvency, but the government received their notes until the issuance of the famous specie circular in 1836. American coins were few. The old Spanish coins were the nearest existing approximation to a standard of value. The currency was neither uniform, convenient nor simple, and it was maintained that this coinage system was allowed to continue in order to promote the use of bank-paper and preserve the unsatisfactory condition of the currency in the interest of gamblers and dishonest speculators.

A new mint had been built in 1831, and a bill to revise the coinage system passed in the Senate. From the standpoint of the government, there was evident folly in maintaining this mint in the comparative idleness entailed by the law as it then existed, or in using it to manufacture gold and silver for export. The capacity of the mint was double, possibly treble, the amount issued in the years immediately preceding 1834. It was used, moreover, as it was again later when the quantity of gold greatly increased, simply as an inexpensive means of getting metal into a convenient form for exportation. It was clear that the coinage of gold should be entirely abandoned, or means provided for securing the circulation at home of the coins which were made at government expense. Gold had never been an important factor in our currency. The premium in New York from 1827 to 1834 was from three to ten per cent. To retain the gold coin and make it the chief component of our currency, it must be made so as not to be more expensive than the silver coin, and together with silver it must also meet the conditions of competition with paper. To accomplish these

ends was the avowed purpose of the supporters of the Gold Coin Bill of 1834.

On March 29, 1834, Benton introduced in the Senate a resolution for a joint committee to report what alterations, if any, were necessary to be made:—

*First*, in the value of the gold coined at the mint, “so as to check the exportation of that coin, and to restore it to circulation.”

*Second*, “in the laws relative to foreign coins, so as to restore the gold and silver coins of foreign nations to their former circulation within the United States.”

*Third*, in the regulations for the collection of the revenue, with a view to making the revenue system instrumental in “the introduction of gold and silver for the *common currency* of the country.”

From this presentation of the subject it would appear that the ultimate object and the practical difficulties were the same in 1834 that they had been in 1792. Little, if anything, had been accomplished in the effort to provide the country with a sound and uniform currency. The important questions as to the nature of the money-unit and the proper legal ratio between the two kinds of coin were still unanswered.

As finally passed, the law made no change in the silver coins, but reduced the weight of the gold eagle to 232 grains of pure metal, thereby raising the ratio to a trifle over 16 to 1— $37\frac{1}{4}$  to  $23\frac{1}{2}$ , or 16.002. This ratio had been proposed by Secretary Crawford ten years earlier. Mr. Lowndes had recommended 15.6 to 1 in 1819, though the Director of the Mint had at that time reported the ratio of 16 to 1 as the market rate prevailing in some parts of Europe. A select committee of the Senate, in 1830, had proposed 15.9 to 1, a mean between different legal rates established by the various countries of Europe and the commercial rate prevailing in South America—the country whence came our supply of silver. These various recommendations would indicate honest differences of opinion.

The market rate is a matter of fact ; but a matter of fact difficult to determine with accuracy. As now stated in the report of the Director of the Mint, the average rate for the year 1833 was 15.93. In 1808, 1812, and 1813 it was above 16, and prior to 1834 it was frequently above 15.8. Mr. Jones, of Georgia, insisted in debate that the divergence of the proposed legal rate from the existing market rate was only  $\frac{3}{4}$  of one per cent, and he justified the mint rate of 16 to 1 on the ground of a probable further advance in the ratio. Mr. Gorham replied that the rate here was 15.63 ; that in France it was 15.68, and in England 15.77. He consequently maintained that the contemplated regulation concerning gold coins would add two and one-half per cent to the value of gold coins. Assuming the correctness of his figures this makes evident not only the impossibility of bimetallism under the new law, but the fact that in passing it Congress would be responsible for a perceptible lowering of the standard of value—"the greatest wrong charged against the tyrants of the Middle Ages, and one which no modern despot has dared to repeat."\*

From these statements made in debate, it would appear that a bimetallic controversy took place in the Twenty-third Congress. Stronger interests had developed on each side. Monometallism (of *silver* money) was the acknowledged fact in our coin currency. The standard of value, in so far as there was one, was in silver, though it must remain a matter of doubt whether the standard was the ideal unit of two half dollars, which contained  $371\frac{1}{4}$  grains, or the worn Spanish coins, which when issued contained, some of them, 365, and others 374, grains to the dollar. Silver monometallism was not, however, so generally accepted in 1830, as the permanent policy of the country, as bimetallism had been in 1792. It was by many deemed advisable to resuscitate the gold currency. If this was to be attempted, the practical question of ratio would become the point of issue.

\* Sumner, "History of American Currency," p. 111.

Should it be less than, equal to, or greater than the commercial rate? And what was the real commercial rate? The (silver) monometallists who were anxious to preserve the standard unchanged, and fearful lest gold should be overvalued in the coins, and thus the standard be lowered, sought to place the mint rate lower than the market rate, and insisted on the ratio of 15.625 to 1 as the highest which could safely be adopted. In the House this was voted too low, the vote standing 52 to 127. Bimetallists—those who desired joint circulation of both kinds of coins, the gold for the large, the silver for the small, transactions—urged that the mint rate for gold might be slightly higher than the market rate. Silver being a heavier metal and the coin larger, it would circulate in retail trade though undervalued. The ratio of 16 to 1 was approved in the House by a vote of 145 to 36, the compromise rate of 15.865 having been voted down—69 to 112.

It would thus appear that an honest difference of opinion existed both as to what was the commercial value of gold in terms of silver and as to how far the legal rate could practically diverge therefrom, under the circumstances then existing, without expelling silver or gold from circulation. The metal market was not active and settled. The original unit had not been exactly defined, and the ratio formerly adopted, 15 to 1, was founded on information which was more or less vague and incorrect. The conditions had not greatly changed in 1834. The situation is made difficult, and the making of any dogmatic statement as to the intention of the law-makers is prevented by the impossibility of ascertaining the facts regarding the market price of metals. The result is not clearly proved. Certainly, no active business could be conducted in buying up dollars which had not been coined.\* It seems doubtful whether the standard was appreciably reduced, even through the psychological influence of the new statute. Neither the movement of the

\* Andrews, "Institutes of Economics," p. 204.

coin nor the change in the standard of value in the community would appear to have been automatic to the degree implied by the statements of extreme monometallists.

While the injustice of actual debasement is unquestionable, a doubt may be fairly entertained as to the fact in any particular instance. The commercial rate varied from year to year\* and was different in the different markets with which we had direct commercial intercourse; 16 to 1 appears to have been the average market rate. The excess of imports over exports of coin and bullion for the years 1834 to 1839 was: gold, \$23,542,326.00; silver, \$26,801,954.00. In the years 1834 to 1842 silver was coined to the value of \$22,295,339.60, while only \$19,207,810 worth of gold was coined. It is at least doubtful what actually constituted the standard of value in the minds of the people in 1834—the American coins not in use, the paper currency, or the current Spanish coins of which the value as silver was so various. That the experiment cost every creditor two and a half cents on every dollar, as Mr. Sumner states, is hardly to be believed, in the light of the above figures taken in connection with the mania for bank circulation and the enormous speculation of the years 1835, 1836 and 1837.

It is true the ratio adopted proved too high. Silver did not fall so low again until 1874.\* But how far its adoption was due to an error of judgment on the part of sincere bimetallicists and how far to the desire to "encourage and protect" gold mining in the Southern States, or how far it resulted from a dishonest intent to indirectly scale down debts by lowering the value of the monetary unit, cannot be determined. Consideration of the political situation leads to the inference that it was the intention of the majority of those in power to overrate gold slightly. The desire of the administration party to secure a specie circulation was presumably a prevailing force in the minds of many. Gold coins were necessary to the success of their plan. To gold coin

\* See Diagrams IV. and V.



should consequently be given the benefit of any doubt. It was desired also to extend the market for gold. Small amounts had been coming to the mint from North Carolina ever since 1804. In 1824 one-fifth and in 1826 one-fourth of the total amount coined was "native." In 1832 there came to the mint from the Southern Alleghanies \$678,000 value in gold, and in 1833, \$868,000.\*

As early as 1829 a committee had been appointed to consider the advisability of establishing a branch mint in North Carolina. One was organized in 1838. The gold-mining interests called for congressional action to provide a market for gold, and thus raise its price. Finally, a few votes or parts of votes came from the political influence of those who were in pecuniary difficulties, and were seeking legislative relief.

But the charge of sinister motives is based quite as properly on the manner in which the act was passed as upon the speculations on its possible, or knowledge of its actual, effects. The bill which had been under discussion during the session, and been passed in committee of the whole, proposed a ratio of 15.625 to 1, and the fractional parts alike of the eagle and the dollar were to be depreciated from three to five per cent of the standard weight and to be made legal tender for \$10.00 only. This bill was dropped at the close of the session and an entirely new one substituted—one differing in principle and establishing the 16 to 1 ratio. This was discussed in a somewhat slimly attended House only a week before adjournment, and received but scant attention in the Senate on the final Saturday morning. The vote in its favor in the latter body was 35 to 7.

Large amounts of gold were immediately coined, and by 1840 began that excess of exports over imports of silver which has been interrupted only three times since then.†

After 1843 the amount of gold coined exceeded that of silver. The discovery of gold in 1848 somewhat reduced its

\* Sumner, "Andrew Jackson," p. 333.

† 1843, 1846-47, 1861.

value in the years following, and thus greatly increased the divergence between the mint rate and the market rate of the metals. In 1850 it became difficult to keep fractional silver in circulation. The small coins even were worth more as silver than as change, and their worth increased in 1851 and 1852. Silver was thus gradually demonetized under the action of the law of 1834. The monetary standard of the United States since 1837 has been 23.22 grains of gold.

#### FRACTIONAL SILVER COINS.

The second change of importance which was made in our coinage system was the reduction made in the weight of the fractional silver coins under the Act of February 21, 1853. By the law of 1792 they had contained proportional parts of a dollar—412½ grains gross weight, after 1837. By the statute of 1853 they were reduced in weight to parts of 384 grains to the dollar *and coined only on Government account*. The provision for free coinage of the silver dollar was not changed, but after the act went into effect no deposits of silver bullion were received for the purpose of coinage into fractional coins, except from the treasurer of the mint. The coins were to be sold in exchange for gold in amounts of \$100 worth or more, face value, and the amount of quarter-dollars, dimes and half-dimes to be manufactured was left to the discretion of the Secretary of the Treasury, the treasurer of the mint being authorized to purchase the necessary amount of bullion. The smaller silver coins, parts of a dollar, were thus made subsidiary and put on the same basis as the minor or token coins, the profit on their coinage being from time to time turned to the account of the Treasurer of the United States. By this act they were made legal tender only in payment of debts for sums not exceeding \$5.00. This amount was increased to \$10.00 by the Act of June 9, 1879.

This Act of 1853 was the logical outcome of the increase in the production of gold after 1848 and the consequent fall

in its value as compared to silver. Soon after the discovery of new mines of gold the silver coins rose to a premium of five per cent and quite rapidly disappeared from circulation. The coinage at the mint fell from \$2,558,580.00 in 1846 to only \$774,397.00 in 1851. Small change became very scarce. The demand for it is clearly shown in the mintage of the depreciated three cent piece which was only  $\frac{3}{4}$  fine.\* The demand is also shown to have been urgent by a consideration of the amount of the smaller silver coins sold after 1853—an average of over \$5,000,000 worth annually for the five years 1853-58.

Gold and silver coins were now again unequal in value. Unless the variation was to be of temporary duration—an hypothesis which did not appear reasonable at the time; unless the equilibrium was soon to be restored by natural or industrial causes and conditions, it was a matter of necessity that some alteration be made. The every day convenience of trade and industry demanded it. The alternatives were an increase of four or five per cent in the weight of gold in the gold coins, or a corresponding decrease of the silver in the silver coins. To the former remedy Mr. Skelton offered the objection† that increase in the weight of the gold currency of the country would compel a man possessing a quantity of gold coin to receive less than a dollar for that piece of money stamped with one dollar upon its face. To prevent this injustice the government might redeem the old coins at their face value in the new ones to be issued, at an expense of \$15,000,000 or \$20,000,000. The one alternative government could not afford; the other was virtual robbery of the individual by Act of Congress. "We should meet that difficulty when we return home to our constituencies," remarked Mr. Skelton. Mr. Dunham added: "It is using the power of the government for the benefit of

\* It amounted to nearly \$1,100,000.00 in the years 1851 to 1853, while only \$200,000 worth was issued between 1853, when the coin was reduced (or rather raised) to the standard of nine-tenths fine and 1873, when its coinage was discontinued.

† *Congressional Globe*, Vol. XXVI p. 492.

capital at the expense of labor—of the rich at the expense of the poor.”\*

It is not to be wondered at that the average Congressman should choose rather to reduce the fractional silver than to raise the value of the gold coin, although it was clearly recognized that the disparity in the coins existed because of a fall in the value of gold and that so-called theoretical justice demanded an increase in the weight of the gold coin as a means at once of equalizing the coins and maintaining the standard.

That the act could or would depreciate the standard of value, or that it did so, is not apparent. True, fractional silver coins are debased coins. They are token coins, and the government makes a profit at present prices of about forty† cents on every dollar's worth sold. But they are worth their face value by reason of the fact of the limitation of the supply. There is a government monopoly. The only way to obtain two half-dollars is to pay their nominal value to the government in legal tender. Thus, the standard of value cannot be affected. People are not deprived of their rights, laborers are not robbed of their hire, by being paid in the debased silver coins.

It was a condition and not a theory which presented itself in 1850. It was a practical difficulty under which the country was laboring. The small paper tickets of an earlier generation were again coming into use. The object of the law was simply to supply small silver change—a much more convenient form of currency. As stated in a petition from the New Jersey Legislature, “It could not in the slightest degree disturb the monetary affairs of the nation, or infringe existing rights in contracts.” It might with some propriety be urged, as was stated by Mr. Jones, of Tennessee, that “making gold the standard was something like making standards of tobacco, rice, cotton, or any other of the staple productions of the country.” Gold at the time

\* Appendix, *Congressional Globe*, Vol. XXVII., p. 191.

† Estimating silver at 85 cents per ounce.

seemed almost as unstable a measure as silver became in the years following 1873. But depreciation does not necessarily follow debasement, and in the instance in question was certain not to follow. Debasement of the fractional silver coins had no more effect than the debasement of the copper coins on the fluctuation of the money unit. They were not allowed to decline in value.

Despite the evident public need for a simple and convenient retail currency, but little interest was taken in the bill. It was first introduced by the Finance Committee in the Senate, March 8, 1852. On the twenty-ninth Mr. Hunter asked the Senate to take it up, remarking: "I believe there is no objection to it. We can pass it this evening." There appeared to be no objection, and it was ordered engrossed for the third reading, and passed without discussion on the day following. For some reason it did not appear in the House until May 3. It was then referred to the Committee of Ways and Means, but was not brought up for discussion until February 1, 1853. On that day it was introduced with a speech by Mr. Dunham, explaining its provisions and the reasons for some four or five proposed amendments. It was discussed on the two following days, but only during the morning hour, and was not again brought up until February 15, when the amendments were voted down by large majorities, and the bill passed as it came from the Senate—"Ayes, 94 ; noes, not counted."

The opposition to the bill in the House came almost entirely from those who insisted that, in spite of the limitation as to the amount to be coined, the bill depreciated the standard and provided for the issuance of a new kind of coin which would complicate rather than simplify the monetary system. The reverse proved to be the case. The coin introduced increased the uniformity in our coinage system and met the wants of the trading community.

There seems to have been no opposition on the part of bimetallists.

The discussion of the bill does not indicate the existence of any firm conviction of the desirability or the feasibility of securing concurrent circulation by making the mint ratio the same as the market ratio. The usual charges were made that the government was "tinkering" with the currency and that the act was mere legislative quackery, and inaction was declared to be the best remedy for the existing trouble. But no serious effort was made to obtain bimetallism. For a number of years gold had been unmistakably the standard and the supporters of the measure distinctly avowed their intention to let it remain so; to cause legal recognition of the fact, and in part to adapt silver to this standard by reducing the weight of the coins most needed in retail trade so that they would be below par as merchandise. Nothing is said in the act about the dollar—the coin which practically had never been coined; but in his speech introducing the bill in the House, Mr. Dunham expressed the desire of the committee to have the standard currency consist of gold only, and stated that the effect of the bill would be to make the proposed silver coins entirely subordinate by reason of the degree of their debasement; that they would be used rather as token than as standard currency, "applicable and convenient, not for large but for small transactions."

It is indicative alike of the small amount of interest manifested in the subject and of the carelessness of legislators that the first section of the bill stated that it was to go into effect in June, 1852. It was the expectation of the Senate Committee that it would be passed the first session, but it was delayed until near the end of the second session and passed in the House as it came from the Senate; this provision of the first section, therefore, required the impossible, and it was necessary to rectify the blunder by a clause in the Deficiency Bill. The Act went into effect April 1, 1853.

In the light of the current discussion of the currency



question it is interesting to note that the protective argument was used in 1853 in behalf of a single gold standard and a gold currency just as it is now urged in favor of the free coinage of the silver dollar. Gold is the production of our own country : silver is not. Let us, therefore, it was urged, use our own productions and in so far increase their value. It is another instance of attempt to make private interest appear public blessing, if not to substitute private for public benefits.

After 1848 the amount of gold coined each year at the mints of the United States increased as follows, in millions of dollars : 1849, 9 ; 1850, 32 ; 1851, 62.6 ; 1852, 56.8. No one could suppose that such a quantity of coin would be at once introduced into the circulation of the country. Putting the metal through the mint was simply an easy way of getting it manufactured into a marketable form. Provision was consequently made in this Act for the manufacture of bars or ingots, either of pure or standard metal, at a charge, not above cost, to be fixed by the Secretary of the Treasury. By this provision it becomes possible, in part at least, to separate the metal designed for use in the arts from that which is to go into circulation as coin and to place the expense for manufacture of the latter only on the government and thus on the general public.

#### REORGANIZATION OF THE MINT.

The act of February 12, 1873, was at once a codification and a revision of the laws relating to the coinage system of the United States and to the business of minting. It is entitled : "An Act revising and amending the Laws relative to the Mints, Assay-offices, and Coinage of the United States." By it our coinage system was somewhat extended and the work of making coins more carefully systematized. The many provisions of the sixty and more different laws regarding the mint and its branches, the assay offices, and the coinage of the United States, which had been enacted in

the eighty years preceding and were still in force, were incorporated into a single statute. Inconsistencies were removed; discrepancies rectified; and the whole body of enactments simplified as far as possible. It was spoken of in debate\* as "a code for the government of the whole subject, carefully drawn, after months of thorough preparation, as the result of the best judgment of the department and the country."

The Bureau of the Mint was established in the treasury department, for purposes of supervision over the various branches of the service, and for the collection of statistics. Further changes in the law were adopted, but they relate chiefly to the business methods employed, or to be employed, in the mints and the assay offices. The law principally concerns administration, specifying the manner in which government officers shall perform their duties. It had been drafted by the Deputy Comptroller of the Currency, Mr. John Jay Knox, and was designed to facilitate public business and to promote the efficiency of the government service.

Three changes were made in the kinds of coin to be issued. One copper coin, the two-cent piece, was omitted from the list of coins the Director of the Mint was authorized to have coined. The coinage of three silver coins, the half-dime, the three-cent piece and the dollar, was also discontinued. The manufacture of a trade dollar was authorized. But no change whatever was made in regard to the gold coins to be manufactured.

Purely practical reasons were given for each of these changes in the list of coins. The *two-cent* piece had not found a ready market. The public did not care for it, though it might make use of a two-and-a-half-cent piece. The *half-dime* and *three-cent* piece in silver were inconvenient coins, like the gold dollar, which has since been discontinued.†

\* By Mr. Casserly, in the Senate, January 9, 1871. *Congressional Globe*, 3d Sess., Forty-first Cong. p. 372.

† Act of September 26, 1890. See Statement A in the Appendix.

The *silver dollar* for some years had been worth about \$1.03 in gold; since the passage of the Gold Coin Bill of 1834 the fine silver in a silver dollar ( $371\frac{1}{4}$  grains) had been worth somewhat more than 23.22 grains of fine gold, and as a consequence the silver dollar had not circulated in the country. It was used chiefly "as a convenient portion of silver in the laboratory of the metallurgist, or was hoarded as an object of curiosity."\* The average amount annually issued from 1839 to 1869 was only a little over 100,000, and of the total 8,031,238 issued between 1792 and 1873, nearly one-half were made in the years following 1865, and were manufactured almost exclusively for export. In 1804, when it became apparent that these coins were not used to form part of the currency of the country, but were exported to the West Indies, the administration saw fit, without the sanction of the law, to discontinue their issue. In 1873 the officers of the government recommended simply that authority to manufacture be withdrawn, and it was so enacted.

Quite other reasons have since been assigned by some, both for the recommendation and for its acceptance by Congress. The anticipated decline in the value of silver, it has been claimed, led to the demonetization of silver in 1873. Some feared and many fully expected a change in the relation of the two metals, and hence secured a revision of the law in order to insure themselves against loss or to prepare the way for reaping immense harvests through the fluctuation in prices and the fall in values. On the other hand, it is maintained that the great decline in the value of silver was as little foreseen, and could have been as little foreseen, in 1873, as was the earlier decline in the value of gold. Certainly, accusation of the legislators of either period is, to say the least, uncalled for.

The debates of 1873, as of 1853, have record of no bimetallic controversy. In each instance, more particularly

\* Report of the Comptroller of the Currency, 1876, p. 168.

the latter, its occasion had been lacking. Between 1862 and 1876 we had a paper currency. Both gold and silver coins of every kind and description, and in a measure even copper coins, were driven from circulation by the notes of the treasury, of the national banks, and of individuals. They had ceased to be part of the circulating medium of the country. They would be returned only upon the withdrawal of the depreciated paper. It was even questioned in debate why the government should consider the relative merits of two kinds of coin neither of which the country possessed. As between the two, there was apparently no thought of so changing the mint rate as to insure their joint circulation, except on the part of those who opposed any debased currency whatsoever—even the fractional. No one proposed to attempt the re-establishment of bimetallism. For that purpose, the depreciation of the silver dollar three per cent or more would have been necessary, and some plan for forcing the depreciated paper to par and maintaining it in a state of convertibility must have been adopted.

How far coming events cast their shadows before is ever a difficult matter to determine, but that the changes of the years from 1871 to 1876 could have been anticipated by Mr. Knox in preparing his report in 1869 hardly seems probable. It is certain that the average Congressman in 1873 would not have found it possible to make the most vague approximation to the rate which was necessary to secure bimetallism throughout the decade that followed. That the victor in the Franco-Prussian war would be able to compel the payment of a gigantic war indemnity of \$1,000,000,000, and would make use of the opportunity to change the currency of Germany from silver to gold, as a means of aiding industrial development; that between 1871 and 1874 nearly every country in Europe would close its mint to the coinage of silver and keep it closed; and that the demand for silver in the countries of the East, India and China, would greatly decline; that the production of silver would double, treble

and quadruple even between 1868 and 1878 ; that an almost unprecedented industrial depression would follow the panic of 1873 ; that these, or any such fortuitous concatenation of events could have been foreseen, and the fall in the value of silver, as measured in gold, been predicted with any accuracy, is highly improbable. In any case the very best policy, the one which most completely protected the interests of the whole community was, perhaps, the one adopted in the Act of 1873.

The fall in silver, coming as it did so shortly after the failure of the Greenback party in 1874, gave rise to bitter feelings against those who secured the enactment of the Mint Law of 1873. Extremists even went so far as to say that silver had been demonetized by clandestine legislation. Nor has this belief disappeared with the progress of time ; it is still current, though quite unwarranted, as shown by the history of the bill in its passage from drafting to final enactment. It was practically before Congress and before the country for about four years. In his report in 1869 the Director of the Mint urged the restoration of a silver currency "for change," in lieu of the postal and small-note currency, as the first step toward and "an important adjuvant to a general resumption of specie payments." A year later he stated that a number of our leading commercial newspapers had emphatically endorsed the plan and he expressed the belief (1870) that the product of silver in Nevada and Colorado would be sufficient to meet the demand. His proposition was for a very much more debased kind of coin than those formerly in use, and in defence of the system he quoted the following significant language : "This is not a scheme for debasing the standard of value. Its only object is to restore silver on such a basis, under legal sanctions, as will enable it to keep its subsidiary place, whether the chief currency be paper, as it now is, or gold, as we hope it will soon be."\*

\* Finance Report, 1870, p. 422.

The draft of a bill in which the plan was systematically worked out had been sent, during the year 1869, to prominent financiers and the important government officials, for suggestion and comment. In its perfected form it was introduced into the Senate by Mr. Sherman, April 28, 1870, and referred to the Finance Committee. The letter from the Secretary of the Treasury and the report by Mr. Knox explaining the provisions of the bill were printed with the bill.

After a careful investigation the bill was reported in December following. It was discussed during the morning hours of January 9 and January 10, 1871, and passed on the second day by a vote of 36 to 14, 22 being absent. Just a year later, January 9 and 10, 1872, the bill was discussed in the House,\* and recommitted. On February 9 it was again introduced. Mr. Hooper, of Massachusetts, who then had the bill in charge, explained in his speech opening the discussion that Section 16 provided for a dollar coin of 384 grains of silver  $\frac{2}{3}$  fine, "making it a subsidiary coin in harmony with the silver coins of less denomination, to secure its concurrent circulation with them."† He was followed by Mr. Stoughton, of Michigan, who continued the explanation of the bill. In the course of his speech he made the following perfectly plain statement:‡ "The office of the silver or 'subsidiary' coins is to supply the public want for small change. They are made the tokens of value, not the value itself, and are designed only for exchange and circulation at home, up to but never in excess of the requirements of trade."

It would thus appear that the Committee of Coinage, Weights and Measures was not endeavoring to conceal its intentions. They proposed to carry out the recommendation of the Director of the Mint and provide for the restoration of silver to its place as a subsidiary coin in our currency,

\* Mr. Kelly had introduced the bill (H. R. No. 5) in the new Congress.

† *Congressional Globe*, Second Session Forty-second Congress, p. 2306.

‡ *Congressional Globe*, Second Session Forty-second Congress, p. 2309.



making this the first step toward a resumption of specie payments and a complete restoration of the currency of antebellum days. The final vote in the House was taken under a suspension of the rules, when a substitute bill was passed May 27, 1872, by a vote of 110 to 13.

Nearly another year elapsed before the bill was passed in the Senate, on January 17, 1873. It had received twenty amendments on its journey through the latter body. The House did not concur. The Senate insisted. Conference became necessary to pass the bill. The report of the Conference Committee was agreed to, the House receding from its opposition to the amendments of the Senate numbered 1, 2, 3, 5, 7, 10, 11, 13, 14, 15, 16, 17, 18 and 20, and the wording of the other amendments being so changed as to be acceptable to both Houses. The exact character of the bill was thus finally determined in conference committee, but its main features, so far as a change of the coinage is concerned, had been under contemplation for nearly four years. If the charge of clandestine legislation is preferred against the legislators of 1873 it must be urged with equal force at the bar of public opinion against many another Congress whose most important acts have been shaped by a Conference Committee chosen to remove the points of disagreement between Senate and House.

As late as the beginning of the year 1872 it appears to have been a matter of doubt whether the silver coins were sufficiently debased under the Act of 1853, to keep them in circulation. On January 8 Mr. Kelly introduced a resolution "which was read, considered, and adopted by the House," instructing the Committee on Coinage, Weights and Measures "to inquire and report whether the intrinsic value of the silver coinage is not above that of other nations and greater than is necessary in coins designed for subsidiary purposes only, and to be retained permanently in the country."

The difference in European systems of coinage was five per cent, whereas in ours the smaller silver coins were then

worth only about four per cent less than the standard gold coins. To-day they are worth about forty per cent less, and the inducement to counterfeit has become correspondingly great.

Moreover, the recommendations of the mint authorities and the action of Congress were quite in harmony with another attempt which was making at this time—that in favor of an international coinage system.

On February 8, 1870, Mr. Sherman introduced the following resolution in the Senate :

*“Resolved, That the President be requested, if not incompatible with the public interests, to invite a correspondence with Great Britain and other foreign Powers, with a view to promote the adoption by the Legislatures of the several Powers of a common unit and standard of an international gold coinage, and that such correspondence be submitted to Congress for its information and action.”*

The Forty-first Congress was at least consistent. It did not attempt, as did a later one, to secure an international agreement for a common unit and by its own act put another barrier in the way. It rather undertook to bring the currency system of the United States into accord with that of the most completely developed of her sisters in the family of nations.

Finally, as if to remove the last shadow of doubt as to the definite intentions of the administration, we have the recommendation of the Secretary of the Treasury in his report for 1872, issued when the bill was in its last days. Silver had already begun to depreciate. Its use as currency had been discontinued by Germany and some other countries. The amount mined was at the same time increasing. Believing that the depreciation of silver was likely to continue, the Secretary urged such alterations in the Mint Bill as would “prohibit the coinage of silver for circulation in this country.” He held that no attempt should be made to introduce the use of silver as currency, but “that the coinage should be limited to commercial purposes,

and designed exclusively for commercial uses with other nations."

It was in carrying out the policy, recommended by the Secretary of the Treasury, that authority was given to manufacture the "Trade-dollar." In attempting to determine the motives which led to the discontinuance of the silver dollar due consideration must be given to this fact, that the same act grants the right to have the more valuable trade-dollar manufactured at the mint. The history of the trade-dollar also offers an exceedingly interesting lesson in the operation of currency laws.\*

Section 21 of the Act of 1873 provided that any owner of silver bullion might "deposit the same at any mint to be formed into bars, or into dollars of the weight of four hundred and twenty grains Troy, designated in this act as trade dollars, and no deposit of silver for other coinage shall be received, . . . the charges for converting standard silver into trade dollars shall equal but not exceed . . . the actual average cost to each mint and assay office of the material, labor, wastage and use of machinery employed," these to be determined by the Secretary of the Treasury. Under this provision the amounts issued in millions of dollars were: in 1873, 1.2; in 1874, 4.9; in 1875, 6.3; in 1876, 6.2; in 1877, 13.1. The coinage was partially suspended in October, 1877, and finally discontinued by the act of February 22, 1878.

The legal tender quality of the trade-dollar, limited to amounts not exceeding five dollars in any one payment, was entirely removed by the act of July 26, 1876; yet as many of these coins were made after this date as before, and they remained in circulation for a number of years after their coinage had been entirely disallowed. That is to say, the American people persisted for several years in having manufactured and in using a coin to which Congress gave no sanction

\* A detailed account of the life of this coin is given in the report of the Director of the Mint for 1887, pp. 96-100.

other than the guarantee of an honest and efficient mint. From 1873 to 1875 these coins cost somewhat more than a dollar each in the United States, and hence no one could afford to use them as money, either in paying debts or buying goods. It was only by exporting them to China and the East that the expenses of their coinage could be met. In 1876 and 1877, however, they cost less than a dollar apiece to manufacture,\* and as the public generally continued to receive them at their face value, holders of bullion found it profitable to send it to the mint for coinage, as prescribed by the Act of 1873, into a 420-grain trade-dollar.

Of the total amount coined,† one-fifth (7,689,036) was redeemed at face value, in exchange for standard silver dollars or subsidiary silver coins, under the act of March 3, 1887. Nearly all the remainder have been permanently exported. So far as our currency is concerned, therefore, the trade-dollar has become a thing of the past.

The Act of 1873 thus appears to have been an attempt to *remonetize* rather than to *demonetize* silver. By the Act of 1834 silver, as compared with gold, had been undervalued in our coinage. From about 1840 down to 1875 the  $371\frac{1}{4}$  grains of fine silver in a dollar had been worth more than the 23.22 grains of fine gold in a dollar—from one to ten cents more. During all this time Congress had failed to rectify the mistake, if mistake it was, that had been made in 1834, and as a consequence the American people had used a gold currency. Silver had not been monetized; indeed, it was demonetized by the public during this period. The only monetization took place under the Act of 1853, debasing the fractional silver currency and limiting the right of manufacture by abolishing "free coinage" and creating the government monopoly.

The Act of 1873 was supplementary to the Act of 1853 and conceived with the same intent. The circulation of

\* See Diagram.

† 35,965,924.

postal currency had driven silver coins out of circulation during the Civil War and the years subsequent thereto. The proposition was made in 1869 to restore silver to its position as a subsidiary coin, the supply from Nevada and Colorado, it was believed, making this feasible. Any excess in the silver product for export was to be in the form of a "trade-dollar." An American silver coin had never been the chief component of American currency, and there was at that time no apparent reason for attempting to introduce it. For a generation silver had been used as the metal of our subsidiary coins. It remained, then, to bring the dollar into harmony with the fractional coins or to retire it from the circulation. The latter alternative was chosen, although the former had been recommended. Provision was made at the same time for the manufacture of coins of a convenient form, with quality and quantity of metal marked upon each, which could be used in trade with countries having a silver currency.

The important effect of this law, and of the provision of the revised statutes (1874) which deprived the silver dollar of legal tender quality, was that they prevented a use of silver which, under laws previously in force, would inevitably have followed the fall in the value of silver (1876) and the failure of the Greenback movement. Whether or not this was a desirable result is a much disputed question. The belief that it was not has led to the persistent effort of the last fifteen years to extend the use of silver. It is with the passage of the Act of January 14, 1875, providing for the resumption of specie—that is, gold—payments on the outstanding obligations of the government, that the real bi-metallic controversy in this country begins. It has been carried on alike by those personally interested, as they believe, in maintaining the stability of our measure of value and standard of payments and by those who are anxious for the general welfare and believe that industrial growth and prosperity, as well as political justice, demand a composite unit of value.

Thus far this movement for bimetallism has resulted in three apparently quite fruitless attempts to secure international agreement regarding the coinage of gold and silver,\* and in the two acts requiring the United States Government to purchase silver as the basis of a paper currency.

By the Act of February 28, 1878, the coinage of the standard silver dollar was authorized and *its legal tender quality restored*. But the coinage was fixed within definite limits and to be made on government account only. The Secretary of the Treasury was instructed to purchase not less than two nor more than four million dollars' worth of silver per month *and have it coined* into standard dollars. He was also authorized to issue certificates for the deposit of these coins, which should be receivable for customs, taxes and all public dues, and when so received might be reissued. Nearly 400,000,000 were coined under this act, of which about 60,000,000 remain in circulation; the remainder are covered by certificates, or are lying idle in the vaults of the government.

The Act of July 14, 1890, known as the Sherman Act, directs the Secretary of the Treasury to purchase four and one-half million (4,500,000) ounces of silver per month, or such part thereof as may be offered for sale at prices below \$1.29 per ounce, and to issue Treasury Notes in payment. These notes are a legal tender at their face value "in payment of all debts, public and private, except when otherwise expressly stipulated in the contract." They are redeemable in either gold or silver coin at the option of the secretary. The government is thus made a regular purchaser of silver, which it uses as the basis of a paper currency that increases from \$40,000,000 to \$60,000,000 a year, according as the price of silver rises or falls. Thus far the administration, Democratic as well as Republican, has been able to redeem the Treasury Notes in gold.

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\* Held at Paris in 1878 and 1881, and at Brussels in 1892.



## STATEMENT A.

Showing the various coins issued from the mints of the United States, the date at which they were authorized and discontinued, and the legal tender quality of each.

|   | Authorized.                   | Discontinued. | Legal Tender.   |
|---|-------------------------------|---------------|---|
| <b>GOLD (6, 2 discontinued).</b>              |                               |               |   |
| Double-eagle, . . . . .                       | Mch. 3, 1849, . . . . .       |               | For any amount.   |
| Eagle, . . . . .                              | Apr. 2, 1792, . . . . .       |               | "   |
| Half-eagle, . . . . .                         | " . . . . .                   |               | "   |
| Quarter-eagle, . . . . .                      | " . . . . .                   |               | "   |
| Dollar, . . . . .                             | Mch. 3, 1849, Sept. 26, 1890, |               | "   |
| Three-dollar piece, Feb. 21, 1853,            | "                             |               | "   |
| <b>SILVER (8, 4 discontinued).</b>            |                               |               |   |
| Dollar, . . . . .                             | Apr. 2, 1792, . . . . .       |               | (Except 1874-1878).<br>For any amount until<br>Feb. 21, 1853; then<br>not exceeding \$5.00<br>until June 9, 1879;<br>not exceeding \$10.00<br>in any one payment<br>since then. |
| Half-dollar, . . . . .                        | " . . . . .                   |               | 30c.  |
| Quarter-dollar, . . . . .                     | " . . . . .                   |               | For any amount not<br>exceeding \$5.00.   |
| Dime, . . . . .                               | " . . . . .                   |               | Not exceeding \$5.00.   |
| Half-dime, . . . . .                          | Feb. 12, 1873,                |               | Zero after July 22, '76.  |
| Three-cent piece, Mch. 3, 1851,               | "                             |               |   |
| Twenty-cent piece, Mch. 3, 1875, May 2, 1878, |                               |               |   |
| Trade-dollar, . . . . .                       | Feb. 12, 1873, Feb. 22, 1878, |               |   |
| <b>COPPER (2, discontinued).</b>              |                               |               |   |
| Cent, . . . . .                               | Apr. 2, 1792, Feb. 21, 1857,  |               |   |
| Half-cent, . . . . .                          | "                             |               |   |
| <b>BRONZE (2, 1 discontinued).</b>            |                               |               |   |
| Two-cent piece, . . . . .                     | Apr. 22, 1864, Feb. 12, 1873, |               | { 20c. until Mch. 3, '65.<br>4c. thereafter.  |
| Cent, . . . . .                               | " . . . . .                   |               | { 10c. till Mch. 3, 1865.<br>4c. till Feb. 12, 1873.<br>25c. thereafter.  |
| <b>NICKEL (3, 2 discontinued).</b>            |                               |               |   |
| Cent, . . . . .                               | Feb. 21, 1857, Apr. 22, 1864, |               |   |
| Three-cent piece, . . . . .                   | Mch. 3, 1865, Sept. 26, 1890, |               | { 60c. till Feb. 12, '73.<br>25c. thereafter.   |
| Five-cent piece, . . . . .                    | May 16, 1866, . . . . .       |               | { \$1.00 till Feb. 12, '73.<br>25c. thereafter.   |

## STATEMENT B.

Showing the weight and fineness of the gold and silver coins under the various statutes, the number of grains to the dollar being given in each case.

|                         | April 2, 1792. |                     |                   | June 28, 1834. |                                      |               |
|-------------------------|----------------|---------------------|-------------------|----------------|--------------------------------------|---------------|
|                         | Gross weight.  | Standard.           | Pure metal.       | Gross weight.  | Standard.                            | Pure metal.   |
| Gold coins, . . . . .   | 27             | $\frac{11}{16}$     | 24 $\frac{1}{2}$  | 25.8           | .899225                              | 23.2          |
| Silver coins, . . . . . | 416            | $\frac{1483}{1000}$ | 371 $\frac{1}{4}$ |                |                                      |               |
| Ratio of pure metal,    |                |                     | 1 : 15            |                | 23 $\frac{1}{2}$ : 371 $\frac{1}{4}$ | or 1 : 16.002 |

|                                | January 18, 1837. |                |                   |
|--------------------------------|-------------------|----------------|-------------------|
|                                | Gross weight.     | Standard.      | Pure metal.       |
| Gold coins, . . . . .          | 25.8              | $\frac{9}{10}$ | 23.22             |
| Silver coins, . . . . .        | 412 $\frac{1}{2}$ | $\frac{9}{10}$ | 371 $\frac{1}{4}$ |
| Ratio of pure metal, . . . . . |                   |                | 1 : 15.998        |

|                              | February 21, 1853. |                  |                   | February 12, 1873. |                |             |
|------------------------------|--------------------|------------------|-------------------|--------------------|----------------|-------------|
|                              | Gross weight.      | Standard.        | Pure metal.       | Gross weight.      | Standard.      | Pure metal. |
| Fractional silver coins, 384 |                    | $\frac{9}{10}$ * | 345 $\frac{1}{2}$ | 385.8†             | $\frac{9}{10}$ | 347.22      |
| Trade-dollar, . . . . .      |                    |                  |                   | 420                | $\frac{9}{10}$ | 378         |

## STATEMENT C.

Showing the coinage of gold and silver at the mints of the United States by periods, together with the total production from the mines of the country since 1792.

|                       | Gold to the value of | Silver to the value of |
|-----------------------|----------------------|------------------------|
| 1792-1833, . . . . .  | \$11,825,890.00      | \$36,275,077.90        |
| 1834-1852, . . . . .  | 224,962,920.00       | 42,966,776.60          |
| 1853-1892, . . . . .  | 1,345,578,425.50     | 578,126,532.60         |
| 1792-1892, . . . . .  | \$1,582,367,235.50   | \$657,368,387.10       |
| Production, . . . . . | \$1,904,881,769.00   | \$1,073,172,000.00     |

|                                | Silver Dollars. | Fractional Silver to the value of |
|--------------------------------|-----------------|-----------------------------------|
| 1792-1833, . . . . .           | \$1,439,517     | \$34,835,560.90                   |
| 1834-1852, . . . . .           | 1,067,373       | 41,899,403.60                     |
| 1853-1873, . . . . .           | 5,524,328       |                                   |
| 1853-1892, . . . . .           |                 | 122,647,525.60                    |
| 1878-1892, . . . . .           | 413,988,735     |                                   |
| 1873-1878 (Trade-dollars), . . | 35,965,924      |                                   |

\* Except the three-cent piece (March 3, 1851), which was  $\frac{3}{4}$  fine; weight changed to standard March 3 1853.

† Equals 25 grams

TABLE I.  
COINAGE OF GOLD AT THE MINTS OF THE UNITED STATES SINCE THEIR ORGANIZATION, BY CALENDAR  
YEARS AND BY DENOMINATION OF PIECES

| CALENDAR YEARS. | GOLD COINAGE.      |          |                  |                   |                     |
|-----------------|--------------------|----------|------------------|-------------------|---------------------|
|                 | DOUBLE-<br>EAGLES. | EAGLES.  | HALF-<br>EAGLES. | THREE<br>DOLLARS. | QUARTER-<br>EAGLES. |
| 1793-1795       |                    | \$27,950 | \$43,535         |                   | \$163.00            |
| 1796            |                    | 61,800   | 16,985           |                   | 4,380.00            |
| 1797            |                    | 91,770   | 24,390           |                   | 1,535.00            |
| 1798            |                    | 74,140   | 19,335           |                   | 1,200.00            |
| 1799            |                    | 17,430   | 4,605            |                   |                     |
| 1800            |                    | 259,650  | 59,110           |                   |                     |
| 1801            |                    | 292,540  | 130,030          |                   |                     |
| 1802            |                    | 150,900  | 265,880          |                   |                     |
| 1803            |                    | 89,790   | 167,530          |                   |                     |
| 1804            |                    | 97,950   | 132,375          |                   |                     |
| 1805            |                    |          | 165,915          |                   |                     |
| 1806            |                    |          | 320,465          |                   |                     |
| 1807            |                    |          | 420,465          |                   |                     |
| 1808            |                    |          | 277,890          |                   |                     |
| 1809            |                    |          | 169,375          |                   |                     |
| 1810            |                    |          | 501,435          |                   |                     |
| 1811            |                    |          | 497,905          |                   |                     |
| 1812            |                    |          | 290,435          |                   |                     |
| 1813            |                    |          | 477,140          |                   |                     |
| 1814            |                    |          | 77,270           |                   |                     |
| 1815            |                    |          | 8,175            |                   |                     |
| 1816            |                    |          |                  |                   |                     |
| 1817            |                    |          |                  |                   |                     |
| 1818            |                    |          | 242,940          |                   |                     |
| 1819            |                    |          | 258,615          |                   |                     |
| 1820            |                    |          | 1,319,030        |                   |                     |
| 1821            |                    |          | 178,205          |                   |                     |
| 1822            |                    |          | 88,980           |                   |                     |
| 1823            |                    |          | 72,425           |                   |                     |
| 1824            |                    |          | 86,700           |                   |                     |
|                 |                    |          |                  |                   | 6,500.00            |

TABLE I (Continued).

| CALENDAR YEARS. | GOLD COINAGE.      |           |                  |                   |                     |           |
|-----------------|--------------------|-----------|------------------|-------------------|---------------------|-----------|
|                 | DOUBLE-<br>EAGLES. | EAGLES.   | HALF-<br>EAGLES. | THREE<br>DOLLARS. | QUARTER-<br>EAGLES. | DOLLARS.  |
| 1825.....       |                    |           | \$145,300        |                   | \$11,085.00         |           |
| 1826.....       |                    |           | 91,345           |                   | 1,900.00            |           |
| 1827.....       |                    |           | 124,565          |                   | 7,000.00            |           |
| 1828.....       |                    |           | 140,145          |                   |                     |           |
| 1829.....       |                    |           | 287,210          |                   | 8,507.50            |           |
| 1830.....       |                    |           | 631,755          |                   | 11,350.00           |           |
| 1831.....       |                    |           | 702,970          |                   | 11,300.00           |           |
| 1832.....       |                    |           | 787,485          |                   | 11,000.00           |           |
| 1833.....       |                    |           | 968,150          |                   | 10,400.00           |           |
| 1834.....       |                    |           | 3,690,845        |                   | 283,425.00          |           |
| 1835.....       |                    |           | 1,857,670        |                   | 328,505.00          |           |
| 1836.....       |                    |           | 2,765,785        |                   | 1,309,965.00        |           |
| 1837.....       |                    |           | 1,035,605        |                   | 112,700.00          |           |
| 1838.....       |                    |           | 1,690,420        |                   | 137,345.00          |           |
| 1839.....       |                    |           | 892,745          |                   | 191,622.50          |           |
| 1840.....       |                    |           | 1,018,530        |                   | 153,572.50          |           |
| 1841.....       |                    |           | 380,945          |                   | 54,602.50           |           |
| 1842.....       |                    |           | 655,330          |                   | 85,007.50           |           |
| 1843.....       |                    |           | 1,069,070        |                   | 1,827,182.50        |           |
| 1844.....       |                    |           | 2,506,240        |                   | 89,345.00           |           |
| 1845.....       |                    |           | 4,087,715        |                   | 276,277.50          |           |
| 1846.....       |                    |           | 2,736,155        |                   | 279,272.50          |           |
| 1847.....       |                    |           | 5,382,685        |                   | 482,060.00          |           |
| 1848.....       |                    |           | 1,863,560        |                   | 97,612.50           |           |
| 1849.....       |                    |           | 1,184,645        |                   | 111,147.50          | \$836,789 |
| 1850.....       | \$26,225,220       | 3,489,510 | 860,160          |                   | 895,547.50          | 911,301   |
| 1851.....       | 48,043,100         | 4,393,280 | 2,631,935        |                   | 8,607,327.50        | 8,608,850 |
| 1852.....       | 44,860,520         | 2,811,060 | 3,689,635        |                   | 2,931,145           | 2,931,145 |
| 1853.....       | 26,646,520         | 2,522,580 | 2,305,095        |                   | 3,513,615.00        | 3,513,615 |
| 1854.....       | 18,032,350         | 2,305,760 | 1,315,255        | \$491,914         | 1,896,397.50        | 1,637,016 |
| 1855.....       | 25,046,820         | 1,487,010 | 1,207,050        | 171,463           | 1,690,700.00        | 824,883   |
| 1856.....       | 30,437,560         | 1,424,060 | 1,266,665        | 181,530           | 1,213,117.50        | 1,788,996 |
| 1857.....       | 28,797,560         | 1,424,060 | 1,266,665        | 171,463           | 798,335.00          | 801,692   |
| 1858.....       | 21,873,480         | 963,210   | 1,292,970        | 104,673           | 144,082.50          | 131,472   |
| 1859.....       | 18,782,840         | 963,210   | 961,235          | 46,914            | 142,230.00          | 133,431   |
| 1860.....       | 22,584,400         | 273,830   | 352,365          | 42,465            | 164,360.00          | 51,234    |

| CALENDAR YEARS.                  | GOLD COINAGE.      |               |                  |                    |                     |
|----------------------------------|--------------------|---------------|------------------|--------------------|---------------------|
|                                  | DOUBLE-<br>EAGLES. | EAGLES.       | HALF-<br>EAGLES. | THREE-<br>DOLLARS. | QUARTER-<br>EAGLES. |
| 1861.....                        | \$74,989,060       | \$1,287,330   | \$3,332,130      | \$18,216           | \$3,241,235.00      |
| 1862.....                        | 18,926,120         | 254,360       | 69,825           | 17,355             | 300,882.50          |
| 1863.....                        | 22,187,200         | 112,480       | 97,360           | 15,117             | 27,075.00           |
| 1864.....                        | 19,956,900         | 60,800        | 40,560           | 8,049              | 7,183.00            |
| 1865.....                        | 27,874,000         | 297,400       | 233,200          | 32,090             | 62,302.50           |
| 1866.....                        | 38,338,300         | 373,800       | 273,200          | 32,090             | 108,175.00          |
| 1867.....                        | 123,492,300        | 121,400       | 179,600          | 7,950              | 78,426.00           |
| 1868.....                        | 17,722,100         | 241,550       | 288,625          | 14,625             | 94,082.50           |
| 1869.....                        | 17,228,100         | 82,850        | 163,925          | 7,575              | 84,427.00           |
| 1870.....                        | 22,519,480         | 164,430       | 143,550          | 10,605             | 51,387.50           |
| 1871.....                        | 20,456,740         | 254,650       | 245,000          | 3,980              | 68,375.00           |
| 1872.....                        | 21,230,640         | 244,500       | 275,350          | 6,160              | 82,575.00           |
| 1873.....                        | 55,456,700         | 173,680       | 754,605          | 75                 | 3,530               |
| 1874.....                        | 33,917,700         | 799,270       | 203,530          | 124,400            | 512,562.50          |
| 1875.....                        | 32,737,820         | 78,350        | 105,240          | 60                 | 9,850.00            |
| 1876.....                        | 46,386,920         | 104,280       | 61,830           | 135                | 30,050.00           |
| 1877.....                        | 43,504,700         | 211,480       | 182,660          | 4,464              | 23,042.50           |
| 1878.....                        | 45,916,500         | 1,031,440     | 1,427,470        | 246,972            | 92,630.00           |
| 1879.....                        | 28,889,260         | 6,130,329     | 3,727,155        | 9,080              | 1,160,650.00        |
| 1880.....                        | 17,749,120         | 21,715,160    | 22,831,765       | 3,108              | 331,225.00          |
| 1881.....                        | 14,585,200         | 48,796,250    | 33,458,430       | 1,650              | 7,490.00            |
| 1882.....                        | 23,295,400         | 24,740,640    | 17,831,885       | 4,620              | 1,700.00            |
| 1883.....                        | 24,980,040         | 2,595,400     | 1,647,990        | 2,820              | 10,100.00           |
| 1884.....                        | 19,944,200         | 2,110,800     | 1,922,250        | 3,318              | 4,900.00            |
| 1885.....                        | 13,875,560         | 4,815,270     | 9,065,030        | 2,780              | 4,982.50            |
| 1886.....                        | 22,120             | 10,621,600    | 18,282,160       | 3,425              | 2,217.50            |
| 1887.....                        | 5,662,420          | 8,706,800     | 9,560,435        | 18,480             | 10,220.00           |
| 1888.....                        | 21,717,320         | 8,030,310     | 1,560,960        | 15,873             | 15,705.00           |
| 1889.....                        | 16,996,120         | 4,298,850     | 37,825           | 7,287              | 40,245.00           |
| 1890.....                        | 19,399,080         | 755,430       | 290,640          | .....              | 44,120.00           |
| 1891.....                        | 25,891,340         | 1,966,040     | 1,347,065        | .....              | 22,032.50           |
| January 1, to June 30, 1892..... | 9,062,760          | 7,950,400     | 4,111,995        | .....              | 27,600.00           |
| Total.....                       | \$1,125,018,580    | \$311,095,000 | \$196,545,710    | \$1,619,376        | \$28,589,232.50     |
|                                  |                    |               |                  |                    | \$19,449,337        |

TABLE II.  
COINAGE OF THE MINTS OF THE UNITED STATES FROM THEIR ORGANIZATION, BY CALENDAR  
YEARS AND BY DENOMINATION OF PIECES

| CALENDAR YEARS. | SILVER COINAGE.   |           |                   |                      |                  |            |                 |                 |
|-----------------|-------------------|-----------|-------------------|----------------------|------------------|------------|-----------------|-----------------|
|                 | TRADE<br>DOLLARS. | DOLLARS.  | HALF-<br>DOLLARS. | QUARTER-<br>DOLLARS. | TWENTY<br>CENTS. | DIMES.     | HALF-<br>DIMES. | THREE<br>CENTS. |
| 1788-1795.....  |                   | \$204,791 | \$161,572.00      |                      |                  |            | \$4,330.80      |                 |
| 1796.....       |                   | 68,150    |                   | \$1,473.50           |                  | \$2,213.50 | 511.50          |                 |
| 1797.....       |                   | 12,546    |                   | 63.00                |                  | 2,526.10   | 2,226.25        |                 |
| 1798.....       |                   | 327,536   |                   |                      |                  | 2,758.00   |                 |                 |
| 1799.....       |                   | 425,515   |                   |                      |                  |            |                 |                 |
| 1800.....       |                   | 220,920   |                   |                      |                  |            |                 |                 |
| 1801.....       |                   | 54,454    | 15,144.50         |                      |                  | 2,176.00   | 1,200.00        |                 |
| 1802.....       |                   | 41,650    | 14,945.00         |                      |                  | 3,404.00   | 1,035.50        |                 |
| 1803.....       |                   | 66,064    | 15,857.50         |                      |                  | 1,097.50   | 650.50          |                 |
| 1804.....       |                   | 19,570    | 78,259.50         |                      |                  | 3,304.00   | 1,892.50        |                 |
| 1805.....       |                   | 321       | 105,861.00        |                      |                  | 826.50     |                 |                 |
| 1806.....       |                   |           | 419,788.00        |                      |                  | 12,078.00  | 780.00          |                 |
| 1807.....       |                   |           | 525,788.00        |                      |                  |            |                 |                 |
| 1808.....       |                   |           | 684,300.00        |                      |                  | 16,500.00  |                 |                 |
| 1809.....       |                   |           | 702,905.00        |                      |                  |            |                 |                 |
| 1810.....       |                   |           | 638,138.00        |                      |                  | 4,471.00   |                 |                 |
| 1811.....       |                   |           | 601,822.00        |                      |                  | 635.50     |                 |                 |
| 1812.....       |                   |           | 814,029.50        |                      |                  | 6,518.00   |                 |                 |
| 1813.....       |                   |           | 620,951.50        |                      |                  |            |                 |                 |
| 1814.....       |                   |           | 519,537.50        |                      |                  |            |                 |                 |
| 1815.....       |                   |           |                   | 17,308.00            |                  | 42,150.00  |                 |                 |
| 1816.....       |                   |           | 23,575.00         | 5,000.75             |                  |            |                 |                 |
| 1817.....       |                   |           | 607,783.50        |                      |                  |            |                 |                 |
| 1818.....       |                   |           | 980,161.00        |                      |                  |            |                 |                 |
| 1819.....       |                   |           | 1,104,000.00      | 90,293.50            |                  |            |                 |                 |
| 1820.....       |                   |           | 375,561.00        | 36,000.00            |                  |            |                 |                 |
| 1821.....       |                   |           | 652,898.50        | 31,861.00            |                  | 94,258.70  |                 |                 |
| 1822.....       |                   |           | 779,786.50        | 54,212.75            |                  | 118,651.20 |                 |                 |
| 1823.....       |                   |           | 847,100.00        | 16,020.00            |                  | 10,000.00  |                 |                 |
| 1824.....       |                   |           | 1,752,477.00      | 4,450.00             |                  | 44,000.00  |                 |                 |
| 1825.....       |                   |           | 1,471,583.00      |                      |                  |            |                 |                 |
| 1826.....       |                   |           | 2,002,090.00      | 42,000.00            |                  | 51,000.00  |                 |                 |





TABLE II (Continued).

| CALENDAR YEARS. |             | SILVER COINAGE. |                  |               |               |             |              |
|-----------------|-------------|-----------------|------------------|---------------|---------------|-------------|--------------|
| TRADE DOLLARS.  | DOLLARS.    | HALF-DOLLARS.   | QUARTER-DOLLARS. | TWENTY-CENTS. | DIMS.         | HALF-DIMS.  | THREE-CENTS. |
| 1859            | \$636,500   | \$2,074,000.00  | \$21,000.00      |               | \$97,000.00   | \$45,000.00 | \$10,950.00  |
| 1860            | 733,930     | 1,032,850.00    | 312,350.00       |               | 78,700.40     | 42,950.00   | 18,010.00    |
| 1861            | 78,500      | 2,078,950.00    | 2,197,650.00     |               | 209,650.00    | 350.50      | 14,940.00    |
| 1862            | 12,090      | 802,175.00      | 299,887.50       |               | 102,830.00    | 74,627.50   | 10,906.50    |
| 1863            | 27,660      | 709,830.00      | 48,015.00        |               | 17,196.00     | 6,923.00    | 643.80       |
| 1864            | 31,170      | 518,785.00      | 28,517.50        |               | 26,907.00     | 4,523.50    | 14.10        |
| 1865            | 47,000      | 593,450.00      | 25,075.00        |               | 18,550.00     | 6,675.00    | 255.00       |
| 1866            | 40,625      | 890,812.50      | 11,381.25        |               | 14,372.50     | 6,536.25    | 681.75       |
| 1867            | 60,525      | 810,162.50      | 17,156.25        |               | 14,662.50     | 6,431.25    | 138.75       |
| 1868            | 182,700     | 709,100.00      | 31,500.00        |               | 72,625.00     | 18,295.00   | 123.00       |
| 1869            | 424,300     | 725,950.00      | 23,150.00        |               | 70,660.00     | 21,930.00   | 153.00       |
| 1870            | 445,462     | 829,788.50      | 23,935.00        |               | 52,150.00     | 26,830.00   | 130.00       |
| 1871            | 1,117,136   | 1,741,655.00    | 53,265.50        |               | 109,371.00    | 82,493.00   | 127.80       |
| 1872            | 1,118,600   | 866,775.00      | 68,762.50        |               | 261,045.00    | 189,247.50  | 58.50        |
| 1873            | 296,600     | 1,593,780.00    | 414,190.50       |               | 443,329.10    | 51,830.00   | 18.00        |
| 1874            | 4,910,000   | 1,406,650.00    | 215,975.00       |               | 319,151.70    |             |              |
| 1875            | 6,279,600   | 5,117,750.00    | 1,278,375.00     | \$285,568     | 2,406,570.00  |             |              |
| 1876            | 6,192,150   | 4,511,575.00    | 7,839,287.50     | 5,180         | 3,015,115.00  |             |              |
| 1877            | 13,092,710  | 7,540,255.00    | 6,024,927.50     | 102           | 1,785,051.00  |             |              |
| 1878            | 4,259,900   | 726,200.00      | 849,200.00       | 120           | 187,880.00    |             |              |
| 1879            | 1,541       | 2,950.00        | 3,675.00         |               | 1,510.00      |             |              |
| 1880            | 27,397,355  | 4,877.51        | 3,738.50         |               | 3,735.50      |             |              |
| 1881            | 27,927,975  | 5,487.50        | 3,243.75         |               | 2,497.50      |             |              |
| 1882            | 27,574,100  | 2,750.00        | 4,075.00         |               | 391,110.00    |             |              |
| 1883            | 28,470,039  | 4,519.50        | 3,859.75         |               | 767,571.20    |             |              |
| 1884            | 28,136,875  | 2,637.50        | 2,218.75         |               | 393,134.90    |             |              |
| 1885            | 28,697,767  | 3,065.00        | 3,632.50         |               | 257,711.70    |             |              |
| 1886            | 31,425,896  | 2,943.00        | 1,471.50         |               | 658,409.40    |             |              |
| 1887            | 33,611,710  | 2,855.00        | 2,677.50         |               | 1,573,838.90  |             |              |
| 1888            | 31,990,833  | 6,416.50        | 306,709.25       |               | 721,648.70    |             |              |
| 1889            | 34,651,811  | 6,295.00        | 20,147.50        |               | 835,338.90    |             |              |
| 1890            | 38,045,004  | 6,295.00        | 20,147.50        |               | 1,133,461.70  |             |              |
| 1891            | 23,566,735  | 100,300.00      | 1,531,150.00     |               | 2,304,671.60  |             |              |
| 1892            | 2,441,995   | 947,291.50      | 1,647,288.50     |               | 1,063,439.10  |             |              |
| Total           | 422,019,973 | 123,882,426.50  | 42,032,831.00    | 271,000       | 27,013,925.00 | 860,219.40  | 1,982,087.20 |

DIAGRAM I.—Gold and Silver Coinage of the Mints of the United States (1834-1892).

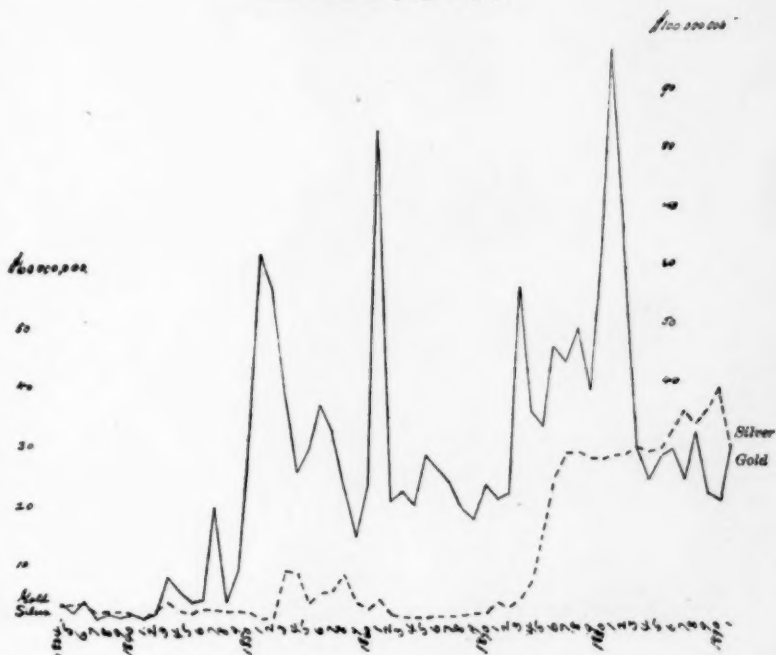


DIAGRAM II.—Coining Value of the Gold and Silver Produced  
from the Mines of the United States (1853-1891).

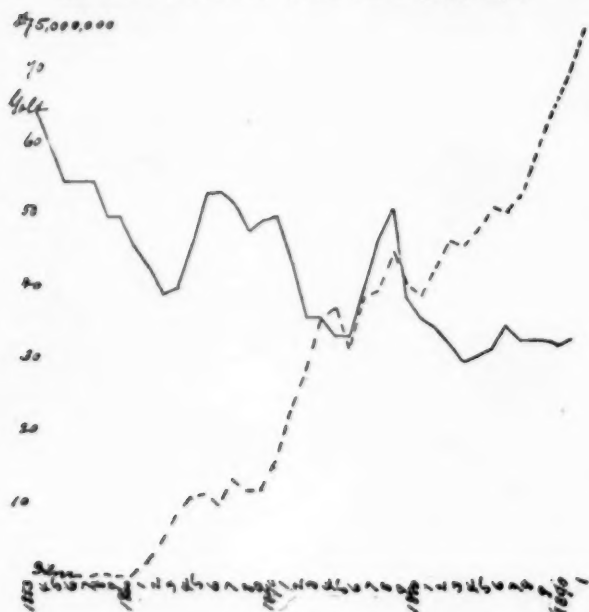


TABLE III.  
THE UNITED STATES IMPORTS AND EXPORTS OF SILVER.

| YEAR ENDING JUNE 30— | EXPORTS.    |           | TOTAL EXPORTS. | IMPORTS.  | EXCESS OF EXPORTS OVER IMPORTS. | EXCESS OF EXPORTS OVER EXPORTS. |
|----------------------|-------------|-----------|----------------|-----------|---------------------------------|---------------------------------|
|                      | DOMESTIC.   | FOREIGN.  |                |           |                                 |                                 |
|                      | Dollars.    | Dollars.  | Dollars.       | Dollars.  | Dollars.                        | Dollars.                        |
| 1843*                | 107,429     | 1,113,104 | 1,220,533      | 5,253,898 | 4,033,365                       |                                 |
| 1844                 | 138,405     | 4,987,683 | 5,126,088      | 4,217,125 | 53,973                          |                                 |
| 1845                 | 844,446     | 5,551,070 | 6,395,516      | 3,251,392 | 3,144,124                       |                                 |
| 1846                 | 423,851     | 1,852,069 | 2,275,920      | 2,867,319 | 591,399                         |                                 |
| 1847                 | 62,620      | 869,103   | 931,723        | 2,546,358 | 1,614,635                       |                                 |
| 1848                 | 2,700,412   | 4,770,419 | 7,470,831      | 2,851,529 | 4,519,302                       |                                 |
| 1849                 | 956,874     | 3,432,415 | 4,389,289      | 2,582,583 | 1,806,686                       |                                 |
| 1850                 | 2,046,679   | 2,862,367 | 5,009,046      | 2,852,086 | 2,156,960                       |                                 |
| 1851                 | 18,069,580  | 6,835,839 | 24,705,419     | 1,884,413 | 22,821,006                      |                                 |
| 1852                 | 37,437,837  | 2,600,156 | 40,037,993     | 1,846,985 | 38,191,008                      |                                 |
| 1853                 | 23,548,535  | 2,044,017 | 25,592,552     | 1,774,026 | 23,818,526                      |                                 |
| 1854                 | 38,062,570  | 727,040   | 38,789,610     | 3,726,623 | 35,062,987                      |                                 |
| 1855                 | 53,957,418  | 1,138,128 | 55,095,546     | 2,567,010 | 52,528,536                      |                                 |
| 1856                 | 44,148,279  | 744,508   | 44,892,787     | 3,217,327 | 41,675,460                      |                                 |
| 1857                 | 60,078,352  | 3,904,269 | 63,982,621     | 5,807,163 | 58,175,458                      |                                 |
| 1858                 | 42,407,246  | 2,630,343 | 45,037,589     | 7,708,428 | 37,329,161                      |                                 |
| 1859                 | 57,502,305  | 2,779,358 | 60,281,663     | 5,309,332 | 54,972,331                      |                                 |
| 1860                 | 56,946,851  | 8,101,200 | 65,047,051     | 6,041,549 | 59,005,502                      |                                 |
| 1861                 | †23,799,870 | 2,367,107 | 26,166,977     | 4,047,684 | 22,119,296                      |                                 |
| 1862                 | 53,993,562  | 1,447,737 | 55,441,300     | 2,508,041 | 52,933,259                      |                                 |
| 1863                 | 3,338,438   | 1,965,773 | 5,304,211      | 4,033,567 | 1,270,644                       |                                 |
| 1864                 | 8,059,418   | 1,365,969 | 9,425,387      | 1,388,843 | 8,036,544                       |                                 |
| 1865                 | 12,513,418  | 2,206,175 | 14,719,593     | 9,311,844 | 5,407,749                       |                                 |
| 1866                 | 18,746,530  | 1,446,702 | 20,193,232     | 2,048,631 | 18,144,601                      |                                 |
| 1867                 | 15,614,817  | 3,065,225 | 18,680,042     | 5,045,669 | 13,634,373                      |                                 |
| 1868                 |             | 5,872,941 | 91,387,758     | 6,450,225 | 15,936,533                      |                                 |

\* Nine months. † Includes gold coin and bullion.

TABLE III—(Continued).

| YEAR ENDING JUNE 30— | EXPORTS.   |            | TOTAL EXPORTS. | IMPORTS.   | EXCESS OF EXPORTS OVER IMPORTS. | EXCESS OF IMPORTS OVER EXPORTS. |
|----------------------|------------|------------|----------------|------------|---------------------------------|---------------------------------|
|                      | DOMESTIC.  | FOREIGN.   |                |            |                                 |                                 |
|                      | Dollars.   | Dollars.   | Dollars.       | Dollars.   | Dollars.                        | Dollars.                        |
| 1860.....            | 14,473,190 | 6,661,692  | 21,134,882     | 5,675,206  | 15,459,674                      | .....                           |
| 1870.....            | 15,363,186 | 9,216,511  | 24,519,704     | 14,362,229 | 10,157,475                      | .....                           |
| 1871.....            | 19,821,681 | 11,384,099 | 31,755,780     | 14,386,463 | 17,369,317                      | .....                           |
| 1872.....            | 24,420,738 | 5,406,036  | 30,326,774     | 5,026,231  | 25,302,543                      | .....                           |
| 1873.....            | 29,433,508 | 10,318,351 | 39,751,859     | 12,798,490 | 26,953,369                      | .....                           |
| 1874.....            | 27,054,200 | 5,535,785  | 32,587,985     | 8,951,769  | 23,636,216                      | .....                           |
| 1875.....            | 22,313,584 | 2,837,581  | 25,151,165     | 7,233,924  | 17,917,241                      | .....                           |
| 1876.....            | 20,606,934 | 4,722,318  | 25,329,252     | 7,943,972  | 17,385,280                      | .....                           |
| 1877.....            | 20,775,637 | 8,796,226  | 29,571,863     | 14,528,180 | 15,043,683                      | .....                           |
| 1878.....            | 20,428,315 | 4,106,355  | 24,535,670     | 16,491,099 | 8,044,571                       | .....                           |
| 1879.....            | 13,406,990 | 6,999,877  | 20,409,867     | 14,671,002 | 5,738,775                       | .....                           |
| 1880.....            | 7,572,854  | 5,931,040  | 13,503,894     | 12,275,914 | 1,227,980                       | .....                           |
| 1881.....            | 12,400,637 | 4,441,978  | 16,841,715     | 10,544,238 | 6,297,477                       | .....                           |
| 1882.....            | 12,576,845 | 4,752,933  | 16,328,599     | 8,095,336  | 8,233,263                       | .....                           |
| 1883.....            | 12,762,242 | 7,317,173  | 20,219,445     | 10,765,242 | 9,454,203                       | .....                           |
| 1884.....            | 14,031,431 | 12,111,892 | 26,051,426     | 14,994,945 | 11,056,481                      | .....                           |
| 1885.....            | 21,634,531 | 16,353,168 | 38,785,633     | 16,850,627 | 21,935,006                      | .....                           |
| 1886.....            | 19,158,031 | 9,291,468  | 28,511,219     | 17,800,397 | 10,710,822                      | .....                           |
| 1887.....            | 17,005,036 | 7,402,593  | 24,407,629     | 15,403,191 | 9,004,438                       | .....                           |
| 1888.....            | 30,655,420 | 11,404,586 | 42,060,006     | 18,673,319 | 23,386,687                      | .....                           |
| 1889.....            | 25,284,662 | 12,495,372 | 37,780,034     | 21,032,964 | 16,747,070                      | .....                           |
| 1890.....            | 22,578,587 | 10,441,600 | 33,020,187     | 22,436,119 | 10,584,068                      | .....                           |
| 1891*.....           | 16,096,189 | 15,616,996 | 31,713,185     | 18,192,750 | 13,520,435                      | .....                           |
| 1892*.....           | 12,919,905 | 14,772,974 | 27,692,879     | 21,726,252 | 5,966,627                       | .....                           |
| 1893*.....           | 20,358,836 | 15,616,996 | 35,975,834     | 21,726,252 | 14,249,582                      | .....                           |

\* Calendar years.



TABLE IV.  
THE UNITED STATES IMPORTS AND EXPORTS OF GOLD.

| YEAR ENDING JUNE 30— | EXPORTS.  |            | TOTAL<br>EXPORTS. | IMPORTS.   | EXCESS OF<br>EXPORTS OVER<br>IMPORTS. | EXCESS OF<br>IMPORTS OVER<br>EXPORTS. |
|----------------------|-----------|------------|-------------------|------------|---------------------------------------|---------------------------------------|
|                      | DOMESTIC. | FOREIGN.   |                   |            |                                       |                                       |
|                      | Dollars.  | Dollars.   | Dollars.          | Dollars.   | Dollars.                              | Dollars.                              |
| 1843*                | .....     | 300,258    | 300,258           | 17,066,437 | .....                                 | 16,766,179                            |
| 1844                 | .....     | 1,183,116  | 1,183,116         | 1,613,304  | .....                                 | 430,188                               |
| 1845                 | .....     | 2,210,979  | 2,210,979         | 818,850    | .....                                 | 1,392,129                             |
| 1846                 | .....     | 1,629,348  | 1,629,348         | 910,413    | .....                                 | 718,935                               |
| 1847                 | .....     | 975,301    | 975,301           | 21,574,931 | .....                                 | 20,599,630                            |
| 1848                 | .....     | 8,370,785  | 8,370,785         | 3,408,755  | .....                                 | 4,962,030                             |
| 1849                 | .....     | 1,015,359  | 1,015,359         | 4,068,647  | .....                                 | 3,053,288                             |
| 1850                 | .....     | 2,513,948  | 2,513,948         | 1,776,706  | .....                                 | 737,242                               |
| 1851                 | .....     | 4,767,333  | 4,767,333         | 3,569,090  | .....                                 | 1,198,243                             |
| 1852                 | .....     | 2,636,142  | 2,636,142         | 3,658,059  | .....                                 | 1,021,917                             |
| 1853                 | .....     | 1,894,323  | 1,894,323         | 2,427,356  | .....                                 | 533,033                               |
| 1854                 | .....     | 2,491,894  | 2,491,894         | 3,212,719  | .....                                 | 720,825                               |
| 1855                 | .....     | 1,151,797  | 1,151,797         | 1,092,892  | .....                                 | 58,905                                |
| 1856                 | .....     | 852,698    | 852,698           | 990,305    | .....                                 | 137,607                               |
| 1857                 | .....     | 5,154,301  | 5,154,301         | 6,654,636  | .....                                 | 1,500,335                             |
| 1858                 | .....     | 7,595,558  | 7,595,558         | 11,566,068 | .....                                 | 3,970,510                             |
| 1859                 | .....     | 2,605,748  | 2,605,748         | 2,125,397  | .....                                 | .....                                 |
| 1860                 | .....     | 1,499,188  | 1,499,188         | 2,506,786  | .....                                 | .....                                 |
| 1861                 | .....     | 3,624,103  | 3,624,103         | 42,291,930 | .....                                 | 1,480,351                             |
| 1862                 | .....     | 4,395,252  | 4,395,252         | 13,907,011 | .....                                 | .....                                 |
| 1863                 | .....     | 6,169,276  | 6,169,276         | 5,530,838  | .....                                 | 21,532,892                            |
| 1864                 | .....     | 3,527,010  | 3,527,010         | 11,176,769 | .....                                 | 638,788                               |
| 1865                 | .....     | 1,822,327  | 1,822,327         | 58,381,634 | .....                                 | 89,484,865                            |
| 1866                 | .....     | 1,069,843  | 1,069,843         | 8,196,261  | .....                                 | 51,882,805                            |
| 1867                 | .....     | 2,796,951  | 2,796,951         | 17,021,866 | .....                                 | 63,001,048                            |
| 1868                 | .....     | 68,231,158 | 68,231,158        | 39,026,627 | .....                                 | 22,001,761                            |
| 1869                 | .....     | 28,442,776 | 28,442,776        | 7,396,344  | .....                                 | 63,658,901                            |
|                      | .....     | .....      | 36,005,498        | 14,132,568 | .....                                 | 21,870,930                            |

\* Nine months. † Gold and silver not separately stated, all included in silver.

TABLE IV—(Continued).

| YEAR ENDING, JUNE 30— | EXPORTS.   |            | TOTAL<br>EXPORTS. | IMPORTS.    | EXCESS OF<br>EXPORTS OVER<br>IMPORTS. | EXCESS OF<br>IMPORTS OVER<br>EXPORTS. |
|-----------------------|------------|------------|-------------------|-------------|---------------------------------------|---------------------------------------|
|                       | DOMESTIC.  | FOREIGN.   |                   |             |                                       |                                       |
|                       | Dollars.   | Dollars.   | Dollars.          | Dollars.    | Dollars.                              | Dollars.                              |
| 1870.....             | 28,580,609 | 5,655,353  | 33,635,962        | 12,056,950  | 21,579,012                            | .....                                 |
| 1871.....             | 64,581,678 | 2,104,530  | 66,686,208        | 6,883,561   | 59,802,647                            | .....                                 |
| 1872.....             | 48,377,502 | 1,171,258  | 49,548,760        | 8,717,458   | 40,831,302                            | .....                                 |
| 1873.....             | 44,472,038 | 384,677    | 44,856,715        | 8,682,417   | 36,174,298                            | .....                                 |
| 1874.....             | 32,645,486 | 1,396,034  | 34,042,520        | 19,503,137  | 14,539,283                            | .....                                 |
| 1875.....             | 61,545,545 | 5,437,432  | 66,982,977        | 13,696,793  | 53,284,184                            | .....                                 |
| 1876.....             | 29,431,757 | 1,745,203  | 31,177,050        | 7,992,709   | 23,184,341                            | .....                                 |
| 1877.....             | 22,359,101 | 4,231,273  | 26,590,374        | 25,246,234  | 1,344,140                             | .....                                 |
| 1878.....             | 6,632,570  | 2,571,885  | 9,204,455         | 13,330,215  | 4,125,760                             | .....                                 |
| 1879.....             | 4,145,085  | 442,529    | 4,587,614         | 5,624,948   | 1,037,334                             | .....                                 |
| 1880.....             | 1,775,039  | 1,863,986  | 3,639,025         | 80,758,396  | 77,119,371                            | .....                                 |
| 1881.....             | 1,826,307  | 1,738,825  | 3,565,132         | 100,031,259 | 97,466,127                            | .....                                 |
| 1882.....             | 31,403,625 | 1,184,255  | 32,587,880        | 34,377,054  | 1,789,174                             | .....                                 |
| 1883.....             | 8,320,909  | 2,679,979  | 11,000,888        | 17,784,149  | 6,133,261                             | .....                                 |
| 1884.....             | 35,234,204 | 5,787,753  | 41,021,957        | 22,831,317  | 18,250,640                            | .....                                 |
| 1885.....             | 2,741,539  | 5,736,333  | 8,477,872         | 26,691,696  | 22,206,842                            | .....                                 |
| 1886.....             | 32,706,066 | 10,186,125 | 42,892,191        | 20,743,349  | 22,148,842                            | .....                                 |
| 1887.....             | 15,763,394 | 3,990,885  | 19,754,279        | 42,910,601  | 23,156,322                            | .....                                 |
| 1888.....             | 31,420,584 | 5,916,150  | 37,336,734        | 43,934,317  | 6,597,583                             | .....                                 |
| 1889.....             | 51,020,322 | 3,971,533  | 54,991,855        | 10,284,898  | 44,706,957                            | .....                                 |
| 1890.....             | 13,403,632 | 3,406,114  | 17,274,491        | 12,943,342  | 4,331,149                             | .....                                 |
| 1891*.....            | 20,654,960 | 3,406,114  | 24,061,074        | 30,290,090  | 3,832,984                             | .....                                 |
| 1892*.....            | 76,640,868 | 2,445,134  | 79,085,994        | 44,970,110  | 34,116,474                            | .....                                 |
| 1893*.....            | 70,404,487 | 6,127,569  | 76,532,056        | 17,450,946  | 59,081,110                            | .....                                 |

\* Calendar years.

TABLE V.

AVERAGE ANNUAL PRODUCTION OF GOLD AND SILVER IN THE  
WORLD BY PERIODS FROM 1492 to 1880.

*From Soetbeer, as quoted in Laughlin's "History of Bimetallism in  
the United States," pp. 217-219.*

| SILVER.                    | GOLD.       | SILVER.                    | GOLD.        |
|----------------------------|-------------|----------------------------|--------------|
| 1493-1520..... \$2,115,000 | \$4,045,500 | 1761-1780.....\$29,383,250 | \$14,441,750 |
| 1521-1544..... 4,059,000   | 4,994,000   | 1781-1800..... 39,557,750  | 12,408,500   |
| 1545-1560..... 14,022,000  | 5,935,400   | 1801-1810..... 40,236,750  | 12,400,000   |
| 1561-1580..... 13,477,500  | 4,770,750   | 1811-1820..... 24,334,750  | 7,983,000    |
| 1581-1600..... 18,850,500  | 5,147,500   | 1821-1830..... 20,725,250  | 9,915,750    |
| 1601-1620..... 19,030,500  | 5,942,750   | 1831-1840..... 26,840,250  | 14,151,500   |
| 1621-1640..... 17,712,000  | 5,789,250   | 1841-1850..... 35,118,750  | 38,194,250   |
| 1641-1660..... 16,483,500  | 6,117,000   | 1851-1855..... 39,875,000  | 137,775,000  |
| 1661-1680..... 15,165,000  | 6,458,750   | 1856-1860..... 40,725,000  | 143,725,000  |
| 1681-1700..... 15,385,500  | 7,508,500   | 1861-1865..... 49,550,000  | 129,125,000  |
| 1701-1720..... 16,002,000  | 8,942,000   | 1866-1870..... 60,250,000  | 133,850,000  |
| 1721-1740..... 19,404,000  | 13,308,250  | 1871-1875..... 88,625,000  | 119,050,000  |
| 1741-1760..... 23,991,500  | 17,165,500  | 1876-1880.....112,500,000  | 119,975,000  |

DIAGRAM III.—Annual Production of Gold and Silver in the World (coining value), for the calendar years 1873-1891.

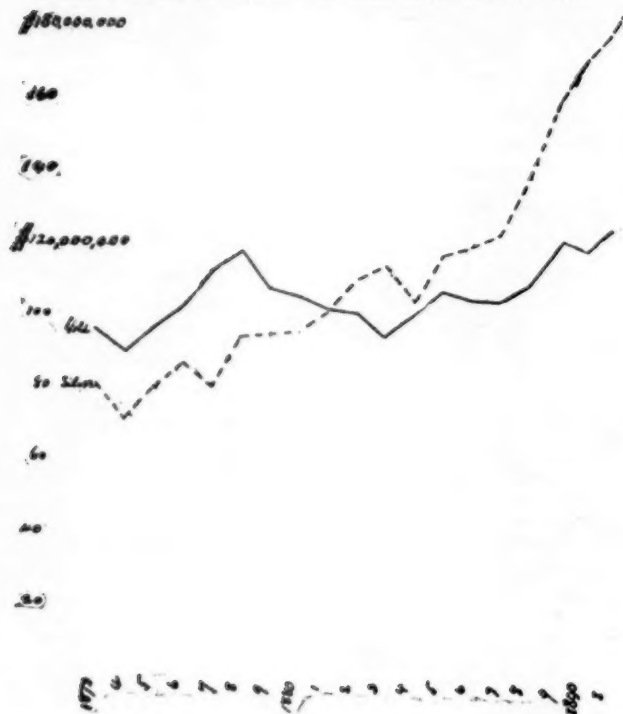
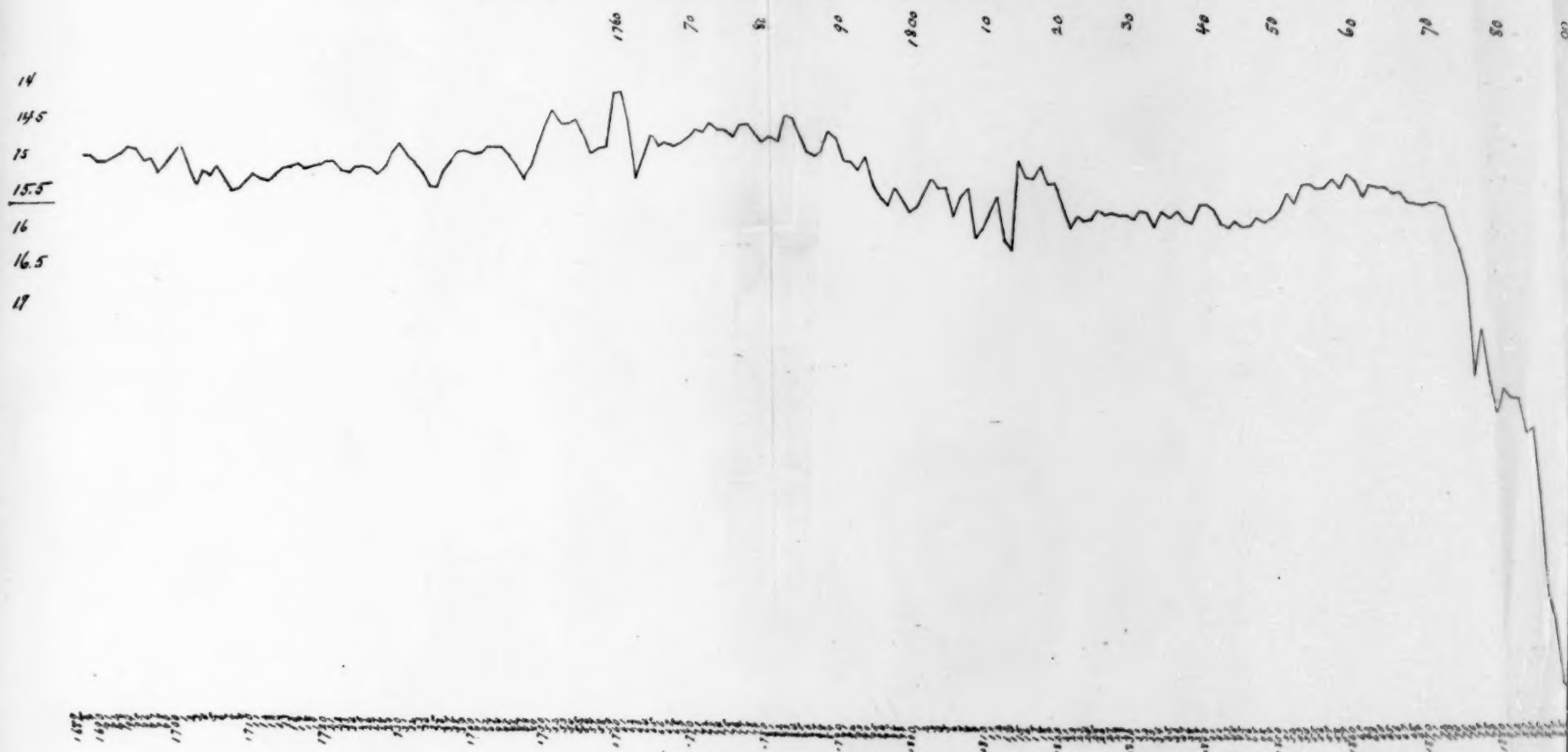


DIAGRAM IV.—Commercial Ratio of Silver to Gold each year since 1687.

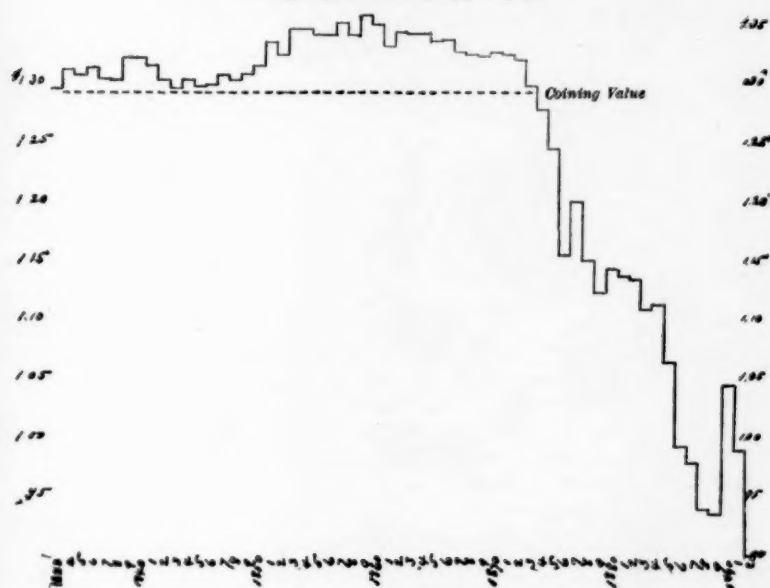


iver to Gold each year since 1687.





DIAGRAM V.—Value of an Ounce of fine Silver at  
average quotation (1833-1892).



## MINUTES OF THE PROCEEDINGS.

### EIGHTEENTH SESSION.

The Eighteenth Scientific Session of the Academy was held in Philadelphia on Thursday, February 23, at the New Century Club, at 8 p. m.

The Secretary announced that the following papers had been submitted to the Academy since the last meeting :

146. By Judge JOHN BROOMALL, Media, Pa.: Compulsory Voting. Printed in the ANNALS, March, 1893.
147. By Professor J. B. CLARK, of Smith College: Surplus Gains of Labor. Printed in the ANNALS, March, 1893.
148. By Hon. J. H. WALKER, Worcester, Mass.: Banking System—Old and New. Printed in the ANNALS, March, 1893.
149. By GAMALIEL BRADFORD, Esq., Boston, Mass.: Our Failures in Municipal Government. Printed in the ANNALS, May, 1893.
150. By FREDERICK H. COOKE, New York City: Province of Sociology.
151. By MAURICE BLOCK, Member of the Institute of France, Paris: *Le Mouvement des idées économiques en France*. Printed in the current number of the ANNALS.
152. By Professor ALFRED MARSHALL, of Cambridge: Consumers' Surplus. Printed in the ANNALS, March, 1893.
153. By G. H. BATCHELOR, Indianapolis: Progressive Taxation.
154. By President ISAAC SHARPLESS, of Haverford College: Relation of the State to Education in England and America. Printed in the ANNALS, May, 1893.

President Isaac Sharpless then read a paper on "The Relation of the State to Education in England and America" (No. 154), which was discussed by several of the members present.

### NINETEENTH SESSION.

The Nineteenth Scientific Session of the Academy was held in Philadelphia on Thursday, April 27, at the Art Club, at 8 p. m.

The Secretary announced that the following papers had been submitted to the Academy :

155. By GEO. K. HOLMES, Washington : *The Peons of the South.*
156. By Professor LESTER F. WARD, Washington : *Political Ethics of Herbert Spencer.*
157. By Professor JAMES MAVOR, of the University of Toronto : *The Relation of Economic Study to Public and Private Morality.* Printed in the current number of the ANNALS.
158. By R. T. COLBURN, Elizabeth, N. J. : *Taxation of Large Estates.* Printed in the current number of the ANNALS.
159. By WM. F. HARDING, Bloomington, Ills. : *A Successful School Savings Bank.*
160. By JOHN A. HOBSON, London : *Objective and Subjective View of Distribution.*
161. By Hon. CARROLL D. WRIGHT, Washington : *Relation of Economic Conditions to the Causes of Crime.* Printed in the ANNALS, May, 1893.
162. By Professor JOHN J. MCCOOK, of Trinity College : *The Tramp.*
163. By Professor S. M. MACVANE, of Harvard University : *The Austrian Theory of Value.*
164. By Professor JOHN R. COMMONS, of Indiana University : *Bullion Notes and an Elastic Currency.*

The President then introduced Professor Lester F. Ward, who read a paper on "The Political Ethics of Herbert Spencer" (No. 156).

The speaker criticised the rank which Mr. Spencer gives to ethics in his scheme of philosophy. "He has made it," he said, "the great end of all his labors, while from the very character of his 'ethics,' the doctrine that happiness is the end of action, and the argument that this will ultimately be attained through altruistic action becoming that which yields the greatest happiness—the most egoistic—it is evident that 'ethics' relates to a theoretically transient state of society, which is to pass away as soon as altruistic and egoistic actions shall have become mutually adjusted. 'Ethics,' therefore, during this transition period, is merely a department of sociology, and only entitled to a subordinate place in the sociological scheme.

"The fundamental principle which seems to underlie every statement of Mr. Spencer's works is that of self-adjustment. To his mind the arch offender against the laws of nature is Government. He can see no bond of mutuality between the government and the citizen. With him the former is an outside power, working against the latter and for itself alone."

After having taken up various opinions set forth in Mr. Spencer's works, Professor Ward observed that, in comparing his later with his earlier writings, there was evidently a gradual dying out of his warmer and more sympathetic impulses, which, at the beginning of his career, made him the friend of all who suffered from the effects of an imperfect social state.

"It is simply astonishing," said the speaker, "that the great exponent of the law of evolution in all other departments should so signally fail to grasp that law in this highest department. The extreme *noli tangere* individualism with which the entire social philosophy of Herbert Spencer is permeated must, in spite of all disclaimers, impart to it the character of a gospel of nihilism."

An interesting discussion followed the reading of the paper.

Mr. Emory R. Johnson spoke in substance, as follows: Herbert Spencer is a striking illustration of two facts. He shows how a man eminent in one branch of science may go quite astray in another field of thought; by carrying the laws valid among those kinds of investigation with which, as a biologist, he is most familiar, into social science he is led into error. But Spencer is also a man who does not shrink from the conclusions to which his premises lead him. Starting out with certain abstract principles of justice he is led to look upon state interference as pernicious. He is an ultra-individualist. But the facts of society run counter to his theories. As Professor Ward has said, he has neglected the integration of functions that accompanies the development

of the organism, biological or social. With the progress of society into higher political, economic and intellectual life, integration takes place. What economists call the law of social solidarity comes to have wider application. To the extent that the economic activities of the different producing classes become more and more inter-dependent, to that degree is the need for guidance, for increased functions of government, necessary. The movement of society in the future is going to be in the direction of larger, not narrower, state activity.

Professor E. D. Cope expressed himself as in harmony with the general position of Dr. Ward, both in its agreement and disagreement with what Mr. Spencer has written on the subject of evolution. He said that Mr. Spencer's position in the matter of the relation of organic evolution to psychic evolution reminded him somewhat of Agassiz's attitude toward the doctrine of evolution in general. Spencer had enunciated the true principles of the Neolamarkian form of the evolutionary hypothesis in his chapter on animal motion and in his speculation as to the influence of motion in producing the segmentation of the vertebral column. He had also enunciated the true theory of psychic evolution. But he had failed to see the nature of the connection between the evolutions. He had misapprehended the relation of the two consciousness of animals to their evolution, and had misrepresented the nature of consciousness in his laborious effort to derive it from mechanical energy as an equivalent. He said that Spencer gave too wide an application to the process of the "integration of matter and the dissipation of energy." While this law is true of inorganic processes when not controlled by man, and also of physiological functioning of the animal organism, it is not true in ontogenetic and evolutionary processes. Here the essential process is the reverse of what it is in inorganic nature, being a process of the conservation of a highly complex colloid, protoplasm, and the building out of it of machines for the development

of ever higher forms of energy, viz., those that are necessary to consciousness, intelligence, and other mental phenomena. The speaker had pointed out, as early as 1871,\* the essential importance of simple psychic states (forms of consciousness) in organic evolution. The creation of man, as he is at present constituted, was not then two independent processes, one material and the other psychic, but a continuous process, the psychic directing and finally surmounting the material.

While Spencer points out the verity of the hypothesis of the utilitarian evolution of ethics, he abandons the field to material forces to too great an extent when he considers the evolution of society. The highest object attainable is the evolution of ethical minds in perfect bodies, but in any case, of ethical minds. Spencer is right in denouncing the artificial preservation of the unfit, but his definition of the unfit is too wide. On the other hand the speaker had no sympathy with those writers who declare that man is free from the ordinary evolutionary influences that prevail in lower animals. It could not be denied that the struggle for existence goes on among men, with the effect on the whole, of the survival of the fittest. In the struggle between the physically weak the former have the better chance of survival. In the struggle between the intelligent and the unintelligent, the intelligent have the better chance. Finally, the whole evolution of society is one calculated to conserve the ethically fit as against the ethically unfit, and it is accomplished by the interaction on each other of psychic beings.

The next speaker was Rev. René Isidore Holaind, who said: The strictures of Professor Ward seem to me perfectly justified. Mr. Spencer has almost ignored the play of psychical forces, or rather, the specific differences between psychical and physiological energies. As a consequence, he takes evolution in conduct and physiological evolution to be completely alike. Mr. Spencer says in his "Data of

\* Proceedings of the American Philosophical Society.



Ethics" that ethics has a physical aspect, since it treats of human activities which, in common with all expenditures of energy, conform to the law of persistence of energy: moral principles must conform to physical necessities. He fails to see that a physical law and a moral law are different in kind: the former expressing the natural sequence of necessary phenomena; the latter denoting the play of free and self-governing agencies. Hence he is driven to deny freewill, and to make this denial the crucial test of his psychology, and consequently of his ethics. In his "Principles of Psychology" he asserts that psychical changes either conform to law or they do not. If they do not conform to law, this work in common with all works on the subject is sheer nonsense; no science of psychology is possible. If they do conform to law, there cannot be any such thing as freewill. Freedom of the will would be at variance with the beneficent necessity displayed in the evolution of the correspondence between the organism and the environment. After such an emphatic denial of freewill, one is amazed to read an essay of Mr. Spencer on *The Sins of Legislators*. How can legislators commit sins, when they are driven by a beneficent but inexorable necessity? To overcome such a necessity, legislators would have to perform miracles, and Mr. Spencer does not believe in miracles. Professor Ward truly said that such ethics might befit lower animals, but that it must prove inadequate when applied to man.

But if Mr. Spencer is wrong in mistaking the true character of psychical agencies, he has nevertheless laid us under obligation by protesting eloquently against a blind worship of Hobbes' "Leviathan." There is throughout the world a perceptible tendency to centralize every power, at the expense of individual liberty. This tendency must be opposed, not by force, but by reason. Two conditions are essential for the well-being of a body politic, as well as for the health of a body physiological. Each part, each organ, must be allowed freely to perform its own special duties, and

all their several functions must be harmonized and combined for the building up and preservation of the whole. Differentiation and integration must go hand in hand. Doubtless, the more complex the organism, the stronger the central power must be. As political bodies are growing in size and complexity, interdependence and direction become more imperative; but you cannot impair the activity of the parts without sapping the vitality of the whole. To combine the greatest amount of individual freedom with the greatest efficiency of corporate action is perhaps the most difficult problem of modern sociology. Yet this problem is not insoluble, and the following rules may be proposed as a way to approach the solution: *Whenever the direct and specific purpose of an action or of a course of action is the welfare of the individual, let liberty remain untrammelled. Whenever the end to be attained is distinctly corporate and national, let the direction of the central power be effective and supreme.* These principles of social science are often difficult of application, but where legislators and rulers bear in mind the doctrine which they embody, and make it a standard of political conduct, there the State is strong and the citizens are free.

Rev. Father Holaind was followed by Dr. James W. Walk, who spoke as follows:

Whether, upon the whole, the recent utterances of Herbert Spencer, in regard to the functions of the State, are inconsistent with his early teachings upon the same subject, is a question which may lead to prolonged debate. Doubtless much can be said upon both sides; but even if all the inconsistencies charged be admitted, Mr. Spencer deserves our gratitude for the bold stand he has taken in favor of individual liberty, at a time when the functions of government bid fair to be enlarged to such an extent as to include almost all the activities of society.

He has spoken in clarion tones a much needed word of warning. There is to-day a real and serious danger in civil

government meddling with too many things. The experience of the Middle Ages taught men to dread the interference of the State to so great a degree, that it was a common-place of the civic writers of the early part of this century "that the best government, was the one that governed least." Doubtless that was an extreme view ; but surely the pendulum has now swung too far in the opposite direction. To-day, we are told that the government should control the telegraphs, the railroads, the tramways, the gas works, the water works, indeed almost every enterprise requiring association or organized activity ; and yet there are some grave objections to the extension of governmental functions, which must be apparent to any one who will glance at near and obvious facts.

We all know that a sort of paralysis seems to attack industries when they come under State control. Take, for instance, the storage and distribution of water, and the manufacture of gas. It would be difficult to mention a single improvement in these industries, which has been inaugurated where they are controlled by political bodies. As such industries have passed from the hands of individuals and corporations into the hands of the State, their administration has fallen into an indolent routine, at once unprogressive and extravagant.

I do not deny that certain industries are natural monopolies, and that natural monopolies may, with advantage, be owned by the State ; but there are dangers in such ownership, and one of the greatest of these is the increased expense of management. We have not yet seriously felt the burden of this, because the enormous energy manifested by private enterprises, has enabled us to collect large revenues from the profits of corporate activity.

When, however, most of the work now done by corporations shall be transferred to the State, the fountains of taxation will have been drained and the falling off in revenue will be painfully felt.

The change among thinking men from a well marked dread of State interference to an almost extravagant desire for the enlargement of the functions of government is, in my opinion, due to changed material conditions. The advance in the physical sciences has been so rapid that we have not yet been able to adapt ourselves to the new conditions imposed upon society, and until this adjustment takes place there will necessarily be much confusion.

Just here I wish to call attention to an analogy, which seems to me a very interesting one. It is that which exists between the present condition of society, in civilized countries, and the condition of childhood of the individual. The child exists among surroundings with which he is unfamiliar, he is ignorant of his environment and, in consequence, he must have the guidance and restraint of parental government during the period of infancy. Lovers of liberty have been accustomed to consider the charge of *paternalism* as the worst reproach which could be applied to government intended for mature men; but all acknowledge the necessity of a paternal government for children.

Now, in the midst of the changed conditions of modern industry, we are all, for the moment, in the position of the child, unfamiliar, with his surroundings, and it is necessary to resort to some sort of paternalism until we become adapted to our environment, hence there is a demand that the State should assume paternal functions. Questioning, as I do, for *a priori* reasons and upon general principles, the enlargement of the functions of the State, I admit that, at present, this enlargement may be necessary; but I earnestly hope that it may be only temporary. I trust that when society has adapted itself to the new conditions of industry, produced by the extraordinary progress of the physical sciences, we will not need the parental care of the State any more than the mature man needs the parental government of his father.

The problems, with which we are confronted at present, have their most formidable expression in the controversy

between capital and labor. This controversy grows more serious and no one knows how to deal with it. After all, State interference, in this field, can be but a temporary remedy for the existing evil. Their cure must be sought in the application of ethical principles, in the practice of doing by others as we would have them do by us. Until this principle is practically recognized in society we may be compelled to rely upon the strong arm of civil government to curb alternately the savage selfishness of rich and poor alike ; but the protection will be dearly purchased.

Perhaps the view I take is optimistic ; but I sincerely believe that the day will come when it will be recognized that the new industrial conditions are consistent with a measure of individual liberty, not less, but larger than we now enjoy, and when, by the recognition of a higher morality among all classes, rich and poor, the social problems, now so threatening, will be solved by reason and mutual concession, without invoking the clumsy interference of the State.

When that day comes—when order is founded on liberty, and the largest liberty is felt to be consistent with the most perfect order—the civilized nations will make rapid progress toward the ideal republic ; a society as far removed, on the one hand, from the spiritless paternalism of the socialistic State as it is, on the other, from the anarchy of uncurbed individualism.

The next speaker was Professor C. Hanford Henderson, who said :

The present criticism of Herbert Spencer appears to be an impeachment of his political views on the double charge that they are too theoretical, and that they are founded upon biology rather than psychology. Both of these charges, it seems to me, may be successfully refuted.

In the first place, it is to be remarked that no branch of science can possibly be too theoretical, provided its fundamental theories be true. To charge a science with being too theoretical, is the same as complaining that it is too

scientific, and this is a contradiction in terms. If politics is to be regarded as a science, and there is certainly a tendency among modern students to so regard it, it must present a consistent body of well co-ordinated truth, rather than a loose collection of contemporary expedients. When Mr. Spencer is charged with being too theoretical, the implication is generally that his system is too well co-ordinated, and too rigid to allow a sufficiently free play for the cherished expedients of our so-called practical politics. In this sense, he is certainly too theoretical, but we should be disposed to regard the quality as a virtue and not as a fault. If his system is to be overthrown, it must be overthrown, not by the charge that it is too systematic and too coherent, but by showing either that it is not coherent enough, or that it starts out upon false premises.

The proper point of attack is at Spencer's premises. If these can be shown to be false, his whole system falls to the ground and no further inquiry is needed. What, then, is their source? Spencer has answered this question for us in the opening chapters of his volume on "Justice." He does not ask with Pilate, "What is truth?" and then proceed to build up a political system upon his own answer to the question. He turns rather to human experience for the answer. His method of dealing with this vast body of material is disclosed in the early chapters of *First Principles*. It is the strict method of science.

Every branch of human knowledge which has progressed far enough to deserve the name of science has passed through two stages of development. In the first, we have induction, a passage from the extension of a multitude of observations to the intention of a few great truths. In the second stage, we have deduction, the unfolding of these fundamental truths into a whole fabric of necessary conclusions. It is this process which has given to science its wonderful powers of prediction, powers which, according to Comte, constitute the very test of science. In its early stage,



science must be experimental. The great body of observed facts must be gathered and co-ordinated, before the common element running through all of them can be detected, and published as a general truth. And observe, if you please, that this general truth does not in any way transcend experience; it is in no sense an absolute, that is, an unverifiable truth. On the contrary, it is a product of the strictest induction, a result made necessary by experience. It is true that we transcend experience when we apply this induction, for the result which we announce has never been actually experienced. But in a broader sense, we keep well within the bounds of strict experience, since our result has been all the while immanent in preceding experience.

Astronomy, as represented in human heads, does not note every position of a comet. That would be as unnecessary as it would be impossible. A comparatively few observations furnish the elements of the orbit. This done, and the comet's position, when it passes out of sight, is announced with as much certainty as when it could be seen with the naked eye. And though the statement transcends experience, its probability is never called in question.

Now, Spencer's heresy has consisted in applying this method of science to the domain of politics. He may not have done the work perfectly—indeed, as a pioneer, it is almost impossible that he should have done the work perfectly—he may have used the same word in more than one sense, in his metaphysical discussions, and he may have done several other things to which exception could properly be taken, but the fact remains that he has chosen a true method in dealing with politics, and that no critic has yet been able to show that he has in the main applied the method falsely.

Evolved through such a method, the political system of Spencer is no more absolute than are the sciences of physics and chemistry and astronomy. Like them, it rests upon inductions drawn from a large body of experience—the political history of mankind. It does not rest, as would be inferred

from much of current criticism, upon *a priori* assumptions falling out of the empyrean. The great induction, growing out of his minor inductions, Spencer sums up in his Formula of Justice: "Every man is free to do that which he wills, provided he infringes not the equal freedom of any other man." And this, we take to be the fundamental doctrine of his political system, the "Conservation of Justice," as the doctrines of the Conservation of Matter and Motion are fundamental to the sciences of chemistry and physics.

This formula has never been successfully controverted. A truth expressed in such very general terms is not readily open to attack. This point reached, the inductive process ends.

The second stage in the scientific method, the deductive process, now begins, and is absolute in the same sense as the deductions of logic and geometry are absolute. There is no play for personal opinion. Judged by the formula of justice, every governmental measure is right or wrong, and affords no room for discussion. It is not a stage of development which offers much encouragement to the activities of the professional politician. If Spencer's formula expresses the essence of justice, and if it be the province of government to administer justice, then it is very clear that no measure is justifiable which confers benefits upon the many at the expense of the few, or benefits upon the few at the expense of the many; that no measure is justifiable which imposes equal burdens and returns unequal benefits; or which imposes unequal burdens and yields equal returns; that no measure is justifiable which "protects" a part of our industries in different degree and the rest not at all; that says where we shall buy and sell, how long we shall work, where and when we shall go to school; that no measure is justifiable which attempts an ominous sort of justice, under cover of the "greatest happiness" or any other principle; or excuses a great injustice to a few individuals by urging the benefits conferred upon a mass. In a

word, the Spencerian formula prohibits most of our present governmental functions. It repudiates paternalism. It denies the validity of State Socialism. It proclaims the pre-eminence of voluntary, individual action, as opposed to enforced associated action. Above all, it never reasons backward from either experienced or supposed results, as shown by special cases. It always reasons forward from well established general truths. The political views founded upon this formula are consequently the very opposite of those which expediency sanctions, and between these two views there must be war to the death. Even Spencer himself could find no reconciliation. The further development of Spencerian politics will, we trust, show a body of doctrine increasingly theoretical, for it is only by such a growth that they can become increasingly consistent and increasingly binding.

Whether the biological basis of Spencerian politics be held as a virtue or a defect will depend upon one's training. Certainly no one who is in the current of modern scientific thought will for a moment hold biology and psychology to be antithetical. There was a system of psychology which spun a cobweb tissue quite independent of man's organism, but it was not a system which very well withstood the test of modern experimental methods. The psychology of to-day is little more than a modest suggestion, but the one thing that it does urge with certitude is its inseparableness from biology, and the one view that it does proclaim from the house-tops is the essential unity of man's nature. To turn from such a biological basis, which is in effect the basis of experimental psychology, to a basis found in the psychology of the schoolmen would emphatically be a jump from solid ground into airy dreams, for it would be the substitution of *a priori* assumptions of very doubtful character for strict inductions drawn from human experience.

In thus attempting to briefly defend Spencerian politics from what I conceive to be an unwarranted charge, I do not

wish, even by implication, to express a belief in their infallibility. On the contrary, one may easily detect faults. The chapter on Women, for example, in the volume on Justice, is a notable misapplication of the Formula. And one may find inaccuracies in Spencer, as in the majority of inspired and uninspired writers. But what I do contend is that these defects are minor defects, and that they are not the defects of being either too theoretical or too biological.

Even had Spencer developed a political system much less perfect than he has, he would still deserve a cordial welcome at our hands, for his method, let me repeat, is a true method. It is the strict method of science. It builds a system, not upon *a priori* assumptions, not upon results which presumably would follow certain and special actions, but upon observed results which have actually been experienced throughout the course of human history. The main difference between Spencer and the exponents of current expediency politics appears to me to be this: that while Spencer draws his conclusions from experience which is at once universal and actual, they prefer the study of events near at hand, which are local in their character, and often purely hypothetical as well. On the doctrine of probabilities, the Spencerian method may be expected to yield the more reliable results. It would seem, then, to be the part of wisdom not to reject this method and the system founded upon it, but to unfold, and correct, and perfect them.

After the discussion was finished, Professor Ward made a few remarks in reply and the meeting adjourned.

## PERSONAL NOTES.

### AMERICA.

**Amherst.**—Professor J. B. Clark\* has resigned his position at Smith College and accepted the Professorship of Political Economy at Amherst College. He retains the position that he has held the past year as Lecturer on Economics at Johns Hopkins University. Professor Clark's recent publications include:

"*Insurance and Business Profits.*" Quarterly Journal of Economics, October, 1892.

"*The Ultimate Standard of Value.*" Yale Review, November, 1892.

"*The Surplus Gains of Labor.*" ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE. March, 1893.

**Smith College.**—Harry Huntington Powers has been elected Professor of Economics and Sociology at Smith College, to fill the position made vacant by the resignation of Professor J. B. Clark. Professor Powers was born August 7, 1859, in Hebron, Jefferson County, Wisconsin, and received his elementary education in the public schools of Fort Atkinson, Wisconsin. In 1878 he entered the University of Wisconsin, from which institution he was graduated in 1882 with the degrees of A.B. and B. L. From January, 1885, to June, 1886, he was Assistant in German at his alma mater, then went abroad to study two years at the Sorbonne in Paris. In 1888 he received the degree of Master of Arts from the University of Wisconsin, and returned the same year to become Professor of French Language and Literature in Oberlin College. This position he held till a year ago, when he resigned in order to study Economics at the University of Wisconsin.

**South Dakota.**—John Monroe Parkinson has been called to the chair of History and Political Science in the Agricultural and Mechanical College of South Dakota. Mr. Parkinson was born October 20, 1865, in Fayette, La Fayette County, Wisconsin. He obtained his early education in the public schools of Madison, Wis. In 1882 he entered the State University of Wisconsin and graduated in 1886 with the degree of Bachelor of Arts. After completing his academic course he entered the Law School of the University of Wisconsin,

\* See ANNALS, Vol. I., p. 291; Oct., 1890, and Vol. III., p. 235; Sept., 1892.

receiving an LL.B. in 1888. In 1889-90 he practiced law in Saint Paul, Minn.; in 1890-91 he studied in the post-graduate department of History and Economics of Johns Hopkins University; in 1891-92 he was Instructor in Elementary Law at the University of Wisconsin. In 1892 he was promoted to the position of Assistant Professor of Civil Polity, which position he resigned March, 1893, to accept the call to South Dakota. Mr. Parkinson is a member of the Historical and Political Science Association of Madison, Wis.



## BOOK DEPARTMENT.

EDITED BY

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WITH THE CO-OPERATION OF

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### REVIEWS.

*Le capital, la spéculation et la finance au XIX<sup>e</sup> siècle.* Par CLAUDIO JANNET, professeur d'économie politique à l'Institut catholique de Paris. Pp. vi and 608. Paris: Librairie Plon. 1892.

This study, not of the one thing which capital does, but of the thousand things which are done with capital, is written by a man who understands with his intellect the operations of "the street," though his heart is far from them. The formation of the wealthy classes and alleged historic injustice, capitalistic production in industry and commerce, floating capital and the general money market, the unearned increment and speculation in real estate, stock companies, business morals, commercial speculation, trusts and industrial syndicates, "the street" and its part in the economy of modern society, public borrowing and international finance—such are some of his topics. Systematic his treatment of them is not, nor does he reach general conclusions which admit of concise restatement. His general tendency is optimistic at least as often as his facts will warrant. For example, after noting the decline of the rate of interest, which is objectively explained by reference to the increase of capital, M. Jannet says (p. 539), "The economic law is here the expression of a great law of the moral order: wealth acquired by the labor of one's ancestors loses its importance little by little as over against present labor; exemption from personal labor for the descendants of the most favored families cannot last forever; there will always come the necessity for personal labor to invigorate and renew wealth." How far the decline in the rate of interest is really due to the increased supply of capital relatively to the demand for it; how far a further objective explanation

of the decline can be found in the increasing average security of investments, and how far a subjective explanation must be sought in the gradual change in men's esteem of future as compared with present goods, M. Jannet does not ask; nor does he inquire whether all these causes of the decline of interest—if, indeed, they all be causes—are likely to operate in the future. Still a considerable change in any one of them might invalidate his consoling conclusion.

The existence of many evils, more or less closely connected with the use of credit, M. Jannet does not deny. On the contrary, his condemnations of the manipulation of the market by fraudulent rumors, of the bribery of the press by the promoters of doubtful speculations, etc., are emphatic, and are supported by a wealth of fresh detail. Close observation of the world of money is indeed traceable upon almost every page of the book, but everywhere also the influence of ecclesiastical training. M. Jannet sees, apparently, nothing incongruous in judging the decision of the court in the Mogul Steamship Company cases by the light of the schoolmen's conceptions of *pretium justum supremum, medium, infimum*; the London *Economist* and the "*Summa Theologica*" of Thomas Aquinas repeatedly figure in close proximity in his notes.

The beneficent designs of Providence being assumed, a natural remedy for such evils as exist is "the union of honest men upon the financial field," for "banking and financial affairs, conducted according to the principles of morality, and upon the basis of scientific data, cannot fail to give profits proportioned to the services rendered." It must be pleasant to believe that.

CHARLES H. HULL.

Cornell University.

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*Grundriss der politischen Oekonomie*, Von Dr. EUGEN VON PHILIPPOVICH. Erster Band; *Allgemeine Volkswirtschaftslehre* (aus *Handbuch des öffentlichen Rechtes*: Einleitungsband). Pp. viii and 348. Leipzig: J. C. B. Mohr. 1893.

What gives to this new book of Professor von Philippovich its special interest and value is the fact that its author occupies, as an economic thinker, a position midway between the Austrian and the German economists. In it he has understood how to sum up, in a compact form, what is best in the work of both schools. His ideas concerning scope and method, concerning value, price and money, reproduce, with unimportant modifications, the doctrines made classical by the writings of Menger and Böhm-Bawerk. On the other hand, in the general form of his work, in his constant use of statistics and more particularly in his books upon "production" and upon the

"economico-political parties," one sees plainly the influence of the Historical School.

Although a born Viennese and a former pupil of Professor Menger, Dr. von Philippovich has enjoyed, during the last eight years, an independent and, to some extent, isolated position as Professor of Political Economy at Freiburg. The results of this opportunity for independent thinking appear upon every page of his latest work. It is characterized throughout by an extreme temperateness of tone and fairness in the treatment of rival theories.

The volume designs to describe and explain the phenomena of our present industrial ("*Verkehrswirtschaftlicher*") organization and the laws governing the relations of these phenomena to each other. It will be followed by a volume explaining the development which this organization is undergoing under the influence of different economic groups in society and of the State ("*Volkswirtschaftspolitik*") and the series will be completed by a third volume treating of public finance.

In the opinion of Professor von Philippovich the treatment of theoretical political economy follows most naturally the lines laid down by industrial life itself; first comes the production of economic goods ("*Produktion und Erwerb*"), then the exchange of these goods upon the market and their transfer from place to place; third in order comes the income-formation growing out of this production and exchange, and finally the consumption of these goods. "These," he says, "are the fundamental facts of industrial life, no one independent of the others, each one necessarily involved in the others, but, nevertheless, the plainly visible links in the unbroken chain of economic phenomena." In actual life, he continues, there are none of the sharp divisions assumed by science. Expediency alone must determine where the boundaries shall be placed. In the case of our science, it appears to Philippovich that the old division into production, exchange, distribution and consumption is, still, more expedient and less misleading than any less natural division; however calculated this latter may be to throw certain classes of hitherto neglected considerations into a desirable prominence.

Preceding the three books constituting the body of the work he has deemed it desirable to throw into one book a discussion of what he calls the "limitations upon the development of a people's economy" ("*Entwickelungsbedingungen der Volkswirtschaft*") i. e., the conditions of and motives to economic activity springing from the natural environment, the social organization and the personal characteristics of a people. The fifth and final book is more in the nature of an appendix to the *Volkswirtschaftslehre* proper. It

treats of the "economico-political parties," with especial reference, of course, to Germany.

In examining any system of economics the parts to which one naturally turns are: (1) the introductory portion, including the views advanced concerning (a) the starting point in economics, (b) scope and method of the science, (c) the nature of economic laws; (2) the chapters dealing with value, price and money; (3) the chapters upon distribution, and (4) the portion treating of consumption. In the following review we will take up the views of Philippovich in the order suggested.

I. Introductory. Economics has to do with all phenomena and institutions connected with the regular provision of mankind with *material* goods. Material goods are objects of desire only so far as they are deemed, rightly or wrongly, capable of satisfying wants. It is to satisfy their wants that men put forth economic activity. The starting point in economics is, therefore, an analysis of *human wants* as directing the activity, whose goal is the satisfaction of these wants through material goods. The means by which wants are satisfied are called technically *goods*. In the opinion of Philippovich, it is expedient to limit the connotation of the term "economic goods" to *material* things. Economic goods are further (in distinction from free goods) only such things as are available for human employment in quantities limited in comparison with the real or supposed need for such things.

In excluding from the category of economic goods (1) services and (2) legal rights and relations having value, Philippovich follows the lead of Sax and Wieser, in opposition to Böhm-Bawerk, who would include services, and to Menger, who would include both. He justifies his position by saying: "Services . . . are a means of creating goods, but are not goods themselves. They can be neither preserved nor accumulated in stock, nor produced through the employment of other goods; in short, they stand in sharp opposition to the material ends of economic action" (p. 5). In other words, in his opinion, the meaning of the term *goods* in economics should be fixed by a reference to production rather than to exchange. To Menger and Böhm-Bawerk the essential moment is the possession or non-possession of value. The term *goods* is one of the few in economics having a strictly technical sense. Whether this sense shall be limited, as Philippovich proposes, or not, is simply a question of scientific nomenclature to be decided by a reference to expediency. Professor Philippovich has maintained consistently throughout his whole book his narrower conception.

Being aware that the satisfaction of our wants is dependent upon economic goods, we ascribe to the latter *value*. The value of a good

to us is thus the importance we ascribe to it as the means of satisfying some want. Free goods have no value.

By production, he understands, the creation of utilities through human activity. The vast majority of goods have to be produced. Consumption, the destruction of utilities, determines the direction which production shall follow; on the other hand, production limits consumption.

Our consumption is directed by our wants, but as consumption is limited by production, which in turn is limited by nature and population, the degree of want satisfaction, attainable at any period, depends, at last analysis, upon the gifts of nature and the population, qualitatively as well as quantitatively considered, capable of appropriating these gifts.

The goods resulting from a productive process are called its *yield*. *Income* is that part of yield which takes the form of consumable goods. The end of economic activity is the securing of the largest yield and income for the least expenditure.

Our present economic order rests upon three principles: division of labor, private property and freedom of contract. Within the limitations set by these principles the most complicated economic phenomena are simply the results of competing self-interests. The present order has been a perfectly natural growth and hence we are justified in speaking of it as an organism. Its characteristic feature is that production is no longer for the purpose of direct consumption, but rather for exchange upon the market. Thus exchange, value and price are in our present economy the central facts about which all other economic phenomena naturally group themselves.

The task of political economy as a science is twofold; it has, (1) to describe and explain the different economic facts and phenomena that present themselves at any one time and place, and the laws that govern their inter-relations; (2) to compare the economic facts and phenomena presenting themselves at different times and places and thus to throw light upon the laws according to which the economic organism develops (*Entwicklungsgesetze der Volkswirtschaft*).

In his short paragraph upon *method* (pp. 23-25), Professor Philipovich follows Menger\* quite closely. He starts out with the statement that a discussion of the method or methods appropriate to political economy must be preceded by a classification of the economic sciences. On the one hand we have economics as a systematic

\* (a) "*Untersuchungen über die Methode der Sozialwissenschaften und der politischen Oekonomie insbesondere*." Leipzig, 1883.

(b) *Grundzüge einer Klassifikation der Wirtschaftswissenschaften*. Conrad's Jahrbücher, 1889.

science, which may simply describe economic phenomena and institutions, or may endeavor to explain their *typical* features and thus construct economic theory. On the other we have economics as an historical science, which may take the form simply of economic history, or of the science of economic policy (*Volkswirtschaftspolitik*). Each one of these four economic sciences has to do with the whole field of economic phenomena and the truths belonging to each.

From pure theory must be distinguished *empirical* theory, which is obtained not by following out the economic principle by itself, simply, but by taking account of all principles serving as motives to human action and thus obtaining a picture of things as they are. We thus have in political economy *exact* and *empirical* laws which must be carefully distinguished if confusion is to be avoided. The first depends upon certain assumptions which are rarely, if ever, exactly realized in practice; the second depends upon the commonest observation and experience and can be relied upon only to the extent that the phenomena observed are typical of the whole class to which the laws apply. The *science of economic policy* shows how any desired result may be accomplished in the economic field and rests upon the other economic sciences. It is, really, simply the application of the laws and principles furnished by them to the exigencies of every-day industrial life. To draft an ideal toward which the economic organization should be urged is no part of economics as such.

In his books on the "Limitations put upon the Development of the Economy of a People" and upon "Production" Philippovich displays his talent for concise and logical statement. Above all his masterly definitions in this part of his work deserve commendation. Upon the other hand, his failure to make use of interesting illustrations, makes these books, necessarily to a great extent descriptive in character, very heavy reading.

To the claim that the development of the present economic order is in the direction of socialism, our author replies that this is true only in so far as the tendency is in the direction of greater centralization. The ruling motive remains always that of self-interest; whereas, in order that socialism shall be anything more than the vague Utopia it has always been, it must be shown that this motive is gradually giving place to altruistic motives. The tendency is not in the direction of abolishing the institutions of private property, division of labor and freedom of contract upon which the present economic order rests, but rather, in our author's opinion, in the direction of modifying these institutions so that they may better serve the interests of society as a whole.

II. Value, price and money. His third book (*Verkehr*) is perhaps



the most important of all, owing to the fact that in it he has occasion to treat of the questions to the discussion of which the Austrian school has contributed so much.

At the basis of all our economic actions, he says, must be some judgment concerning the importance we ascribe to different goods and to the sacrifice involved in different forms of labor. This judgment is always comparative, and it is this which we have in mind when we speak of value. *Value* is thus the importance which we ascribe to any good, service, relation, etc., in consequence of the fact that we know our welfare to be dependent upon it. This is the simple conception of value in the *subjective* sense. Subjective value may be value in use or value in exchange. From it we must distinguish *objective value*, or the power of a good to produce some objective effect, which in turn takes the form either of objective use-value, of objective productive-value, or of objective exchange-value.

The problem of value as a subject for economic investigation is thus twofold; first, to explain how men measure so exactly the comparative importance to themselves of different goods, services, etc.; second, how these subjective valuations are combined so as to produce the phenomena of objective exchange-value and price. To solve the first problem, we must pass out of the economic into the psychic field of investigation. In general, we treasure any good according to the usefulness which it has for us. This usefulness depends for any particular good (1) upon the wants of the person making the valuation; (2) upon the available supply of goods of the kind being valued; and (3) upon the conditions limiting the increase of this available supply. The value of any goods under given conditions of supply and demand (these words to be understood in a technical sense) is shown to be measured by its marginal utility.

Following Böhm-Bawerk, he shows how the value of productive goods, "goods of higher orders" (Menger), depends upon the value of their products, and that in general the classical theory that value equals cost of production is a fair statement of the facts, though it is far from giving, or suggesting even, the correct explanation of these facts.

The value of any good, that may be reproduced, to any individual depends either (1) upon the loss in want-satisfaction involved in its non-possession (*i. e.*, its subjective use-value); (2) upon the sacrifice required for its reproduction; or (3) upon the value of the goods for which it may be obtained in exchange (*i. e.*, its subjective exchange-value). The individual acting in an economical manner will choose of these alternatives the one involving the least sacrifice of pleasure. Objective exchange-value is the power any good has to command

other goods in exchange. The quantity of other goods that may be obtained in exchange for any good is its *price*. As ordinarily employed, price is equivalent to *money-price*.

In fixing the price of any good, many non-economic elements play an important part. It is the task of theoretical political economy, first of all, to develop a law of prices depending only upon economic considerations. To develop such a law, we assume that all persons taking part in an exchange know what line of action will best conduce to their own economic interests, that they follow only that interest, and that their action is in no way restrained by artificial hindrances.

Following the line of argument adopted by Menger and Böhm-Bawerk, Philippovich deduces the well-known law of prices as dependent upon subjective value, and then goes on to show that the classical theory that prices tend to equal cost of production is really only a corollary of this general law.\* His statement of the laws of value and price is concise and logical in the extreme, and sums up most fairly the results of the discussions of Menger, Böhm-Bawerk and Wieser.

Again, in his treatment of money, we see him influenced, especially by the theories of Menger.† In this part of his work his talent for combining the results of the theoretical investigations of the Austrian school with the rich historical and statistical material which Germany has lately produced, into a systematic whole, is conspicuously displayed. In his remarks on bimetallism he shows himself quite in sympathy with the advocates of a double standard as an economist. As a politician, however, he is fully aware of the difficulties standing in the way of an international agreement upon this delicate question.

In his paragraphs upon the "value of money" he has occasion to speak of money as a standard of deferred payments. He does not overlook the fact, as some of the followers of the Austrian school seem to have done, that value is, at last analysis, a subjective phenomenon and that the monetary unit itself has a value, varying not only at different times, but at the same time for different individuals. In speaking of the value of a dollar at any one time, for instance, we can mean either its value to any particular individual or its average value to all the members of the economic community under consideration. This latter value will differ more or less decidedly from the value a dollar has for each individual, which depends upon the location of his margin of consumption, or, in other words, upon the extent to which his economic wants in general are satisfied. To ascertain with

\* For a detailed exposition of the Austrian theories of value and price, the reader may be referred to Smart's "Introduction to the Theory of Value." London, 1891.

† Compare Menger's article, *Geld*, in Conrad's *Handwörterbuch der Staatswissenschaften*.

any exactitude this average value of the monetary unit at any one time and at different times, it will be necessary to discover some tangible unit for measuring pleasures and pains. If such a unit for measuring strictly subjective phenomena were available, the problem of money as a standard of deferred payments would present no great theoretical difficulties. In just so far, however, as such a standard is unavailable, is the real value of the monetary unit at any one period and at different periods a subject for more or less vague speculation.

Bimetallists have very generally confused the question whether the value of money has risen or fallen in the last few years, with the quite different and decidedly simpler question, whether the purchasing power of the monetary unit as measured in certain goods, clearly defined both qualitatively and quantitatively and taken as representative of all goods, has increased or decreased and have thus rested their principal pleas for a more abundant money material upon a decidedly unscientific theory. It remains to be seen if, having corrected their fundamental error, they will still be able to show, which is likely, that the value of the monetary unit has risen and is still rising.

III. Distribution. As a result of production there is normally a *yield*. This *yield* must flow to some economic unit in society, or to several such units. The process by which the yield is distributed among or serves to build up the incomes of the individuals and groups in society is the subject of the fourth book of Philippovich's work. By income he means regular income in distinction from gifts, lottery-winnings, etc. The important question in distribution is how the various groups in society come to have just the claim they do against the yield of each productive process. A claim in the above sense is a demand against individuals. It rests either upon custom (fees, etc.), contract (wages, etc.), law (inheritance, etc.), or upon compulsion (as in time of war).

Under the régime of private property and freedom of contract income-formation is the resultant of the free valuation and counter-valuation on the market of labor strength and of use of property on the part of different buyers and sellers.

He classifies incomes as follows: (1) labor-income; (2) property-income, (a) rent, (b) interest; (3) profit; (4) insurance-income. The last is never the result of a productive process and hence has in this connection, a minor importance. He prefers the term "income-formation" to "distribution," for the reason that the latter implies that the income of society as a whole is *distributed* among the members of society, *i. e.*, that it is connected with production. This, however, is only partially the case. In modern society individual income consists always, practically, of money or of money surrogates, *i. e.*, of

orders against the existing stock of goods of any and whatever kind. Society does not every year consume the goods it produces in that year. In other words, the formation of income belongs to exchange. Income is simply the price paid for labor-service, for the use of property or for undertaker's service. Monopoly incomes, like monopoly prices, result from natural or individual advantages, from legal restrictions, etc. Such incomes are called *rent*.

Coming to the question of what determines the share which each economic group obtains of the yield of society's productive undertakings, his treatment is in many respects original. He starts out with a discussion of profits, then takes up rent and interest, and, last of all, wages.

He follows Walker in treating profits as a phenomenon quite analogous to rent. Neither profits nor rent enters into cost of production, and therefore into price, but both are determined by prices. Profits, like rent, is a natural phenomenon. As long as human wants continue to change, prices will be variable, and it is upon variations in prices that profits, in the narrow sense of the term, ultimately rest. The real opposition then in distribution is between the interests of laborers and of capitalists. The more the one obtains, *ceteris paribus*, the less there is left for the other. Wages and interest are both price phenomena and, therefore, subject to the general law of prices. The application of this law, however, is rendered, in Philippovich's opinion, practically impossible in the case of the former owing to the fact that labor-service is not to be separated from the person of the laborer. For this reason, the principles regulating the supply of labor-services are very largely of a non-economic character.

Touching the scientific explanation of the phenomenon, *interest*, our author criticises the views advanced by Böhm-Bawerk, Wieser and Menger, respectively, and formulates for himself the "productivity" theory, in a modified form. His treatment of this question (p. 244) is too summary to do justice either to his own theory or to the theories of his opponents. Bearing upon this point, as upon many others, Walker's views are quoted with approval.

Philippovich looks to statistics for further light upon the difficult problem of distribution. On the basis of some very interesting tables which he gives of the distribution of income in various countries, he concludes that no real economic progress can be expected from a mere altered system of distribution, but that any proposal having for its object a radical social reform, to be effective, must include some plan by which the proportion between the total product and the number of individuals, among whom this product is to be divided, shall be altered for the better. It is not enough for socialism to show that it offers a more

equitable system of distribution than that at present exists; it must also give promise of decided advances on the side of production before it merits serious consideration.

IV. Consumption. The second half of the fourth book of the *Volks-wirtschaftslehre* treats of the *use of goods*. What interests us especially is that which Philippovich has to say in regard to the position occupied by consumption in a general system of economics. In general, he says, consumption directs the course of production and determines the amount that shall be produced (p. 283). But, on the other hand, at any given time the prevalent distribution of income is the starting point determining the direction the demand for consumption-goods shall take. As human wants, and consequently the prices of goods are constantly changing, consumption is in a dynamic condition. Production must constantly be taking on new forms to meet the changing demand. Thus, economic life consists of a continual readjusting of the supply and of goods to a constantly varying demand for goods. Under normal conditions this adjustment of supply to a varying demand proceeds smoothly enough. Such slight losses and friction as it entails are readily overlooked. Let, however, some unexpected element, such as a radical change in the productive methods employed, enter the field and there ensues what is called a *commercial crisis*. This starts usually in some particular department of industry, but spreads rapidly until the whole economic organism is more or less seriously involved. Commercial crises are thus simply the results of a failure on the part of production to accommodate itself promptly to the demands of a variable consumption. They are inseparably bound up in our present "anarchistic" economic organization and may be expected to recur with greater or less regularity as long as this system is retained and consumption continues to be dynamic.

Perhaps the most interesting portion of Professor Philippovich's work to the foreign reader is found in the last part of his last book, where he speaks of the rôle at present played by economics in German politics. He gives a most interesting review of the evolution of the party program of the social democrats (pp. 324-327) and shows how their demands in the field of practical politics have little by little modified themselves to keep pace with the vast social reforms inaugurated by Bismarck and being followed out to their logical conclusions under Caprivi.

Under the title of "Social Reform Parties" he distinguishes three distinct directions: the liberal, the conservative and the direction followed by the church parties. These are all opposed on the one hand to the *laissez faire* policy advocated by the extreme individualists, and, upon the other, to the fundamental tenets held by the social

democrats. He characterizes the liberal reform party in the words of Brentano, its "scientific leader." It demands, upon the one hand, a retention of the existing institutions of private property and the freedom of contract, but, on the other, such interference and regulation from the side of the government as shall protect the weak and encourage the organization of the various industrial groups and classes that they may take a more active and direct part in industry so that competition may be really, as well as nominally, free.

The conservative social-reform party owes its origin to the writings of Rodbertus-Jagetzow. Its most prominent representatives at present are Adolph Wagner and Stöcker. Its direction may be characterized as socialistic in that it advocates an extension of the functions assumed by the State, in various directions, and recognizes taxation as a legitimate means to be employed for the purpose of equalizing the incomes of different classes in society, but it by no means deserves to be confused, as by some writers, with socialism proper.

The church party is divided into (1) Protestant, and (2) Catholic. Both of these look for social reform rather in the general moral regeneration of society than in any sweeping change in the existing political order. They differ principally in the amount of importance they ascribe to the State as an organ in effecting social reform.

Philippovich is careful to maintain his judicial tone in this part of his work, but from various indications the reader is justified in assuming that he himself takes a somewhat eclectic view of the various movements having social reform for their object.

It has of late years become so generally the custom among German professors of economics, when they have arrived at a certain stage in their academic careers, to embody their economic views into a more or less complete "system," that the literary market is fairly overstocked with this particular class of works. The general reading public is in the habit of passing by these manuals in silence. They help to fill up the shelves of those who pride themselves upon having "complete" libraries, and for the rest their existence is justified in that they are of great service to the students of the particular professor who happens to be their author; but it is seldom that they deserve to be classified among the real contributions to our science. In this review I hope to have made it clear that the "*Volks-wirthschafts-lehre*" of Professor Philippovich is calculated to take a position in many respects unique among German economic text-books, and that it is deserving of much more than a merely local attention. In the present unsettled state of political economy, when every day is bringing forth new ideas and new conceptions which only gradually fall into their proper perspective with reference to older theories and



older ways of thinking, it is no wonder that many of us feel some little confusion; we wonder where we really are and whither our science is actually tending. To such this new book of Philippovich is a positive boon. In it the author has made a conscientious and conspicuously successful attempt to place the new theories of the Austrian school in their proper light with reference to the older classical theories. Here the reader will find reproduced, in a remarkably compact and logical form, the best that contemporary Austrian and German thought and research have contributed to our science. A careful study of the "*Volkswirtschaftslehre*" cannot therefore be too strongly recommended to American economic students.

H. R. SEAGER.

Vienna.

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RECENT WORKS ON MONETARY PROBLEMS.

*The Silver Situation in the United States.* By F. W. TAUSSIG, LL. B., Ph. D., Professor of Political Economy in Harvard University. Pp. 133. New York: G. P. Putnam's Sons. 1893.

*Das internationale Währungsproblem und dessen Lösung.* Von THEODOR HERTZKA. Pp. 136. Leipzig: Duncker und Humblot. 1892.

These two monographs, covering in part the same ground, viz., the use of silver as a medium of exchange, are of uncommon interest at this moment, when "silver" has become a burning question. Professor Taussig's book was originally published by the American Economic Association as No. 1 of Volume VII. of its publications; and in its present revised shape forms one of the "Questions of the Day" series. The first part is devoted to a careful delineation of silver legislation and its effects, beginning with 1878. The circulation of coin and notes, the concurrent effects of industrial changes such as the annual moving of the crops, and alternating eras of commercial depression and activity, the tendency of silver currency to find the vaults of the Treasury through the channels of taxation—all these complex reactions are scientifically traced, and their causes skilfully analyzed. The author's conclusions, that the issues under the Bland-Allison Act were not excessive, and that a complete theory of prices is dependent primarily on the volume of credit paper rather than upon the amount of actual currency, are eminently sound and sane. No less true is his verdict upon the excessive issues under the Act of 1890. The most interesting topic at the present time is the discussion of the question how a gold premium may eventually be reached. Here Professor Taussig shows that it may come in different ways, either preceded by speculation and inflation, or without any such

economic antecedent, merely through an unfavorable balance of trade and heavy drafts upon the Treasury's gold holdings. That such a gold premium is not improbable in the near future, recent events have demonstrated. Especially threatening is this calamity in view of our relatively increased imports of late, and the recent Australian crisis. Our late experience seems also to confirm Professor Taussig's acute estimate of the amount of gold held in this country. His guess seems to have been more accurate than the optimistic official estimates. The scheme of ex-Secretary Fairchild for the free coinage of silver up to the point where the Treasury accumulations of silver shall amount to a certain fixed sum, seems to meet the mild approval of the author as a possible advantageous compromise, political and financial. Such a scheme is now certainly without much political value, as it is so palpably a veiled cessation of silver coinage, that the "silver men" certainly would not accept it unless the limit were placed at a figure so dangerously high that the plan would lose all economic advantage. The other part of the book is devoted to a theoretic consideration of bimetallism. But of this, more anon.

Dr. Hertzka's brochure merits attention for several reasons: first and foremost, its propositions seem to offer the only possible ground for any further proceedings of the Brussels Conference, now temporarily adjourned, as Dr. Hertzka informs us by letter, to look into his proposals; and, second, because it is an utterance from an Austrian economist who seems to have the confidence of the Austrian government, whose recent action in regard to the gold standard is of peculiar importance at the present juncture. Hertzka's plan was transmitted through the American Minister at Vienna to the cabinet of the last Administration in October, but the pending presidential campaign deferred any decisive action thereupon at that time. In essence, the plan outlined by Hertzka is to secure an international agreement between a sufficient number of important commercial States to base their currency upon a joint metallic basis of gold and silver whose *ratio by weight* is to be the same for all the participating States. It is suggested that a ratio by weight of nine units of silver to one unit of gold would be an approximation to the desired system. At the present (gold) value of silver this would constitute about two-sevenths of the value of the metallic basis in silver and five-sevenths in gold. It will be seen that no attempt is made to regulate the *values* of the two metals, as proposed by the various bimetallist schemes. Hertzka is absolutely skeptical as to the permanency or even the possibility of international bimetallism. Even Wolowski's modified scheme of an alternative standard, Hertzka shows, assumes falsely that the values of gold and silver will fluctuate about a fixed

ratio. He even maintains the virtual impossibility of any considerable extension of the subsidiary use of silver with the present single gold standard—at least, if the solvency of our banking systems is to be maintained. He admits also the expense which would be entailed under his scheme upon different nations by making their existing overvalued coins, such as French silver, convertible into currency of the proposed description. He admits the divergence of interests as to the ratio of gold and silver in the basis of the proposed system. And still he maintains the advisability and the practicability of his scheme. Free as he is from the chimerical delusions of both inflationists and many bimetallicists, and admitting as he does, the certainty of an ultimate single gold standard, he assumes that the disturbances of international trade caused by different monetary standards, the falling of prices, and the increase of debtors' burdens, all of which are threatened by the appreciation of gold, are so all-important that this double-metallic basis ought to be introduced, cost what it may. This is certainly the weak point of the entire agitation for a compromise standard. Taussig shows that the fall in prices is due largely to the improvement in productive methods, that in general the increase of the weight of the debtor's obligations is nominal and not real. And that international trade with the East is of such transcendent importance that a metal of ever decreasing value and ever increasing clumsiness must be made a larger factor in performing the exchanges of the entire civilized world may, in the absence of any clearer demonstration to the contrary than we yet possess, be regarded as an unproven assumption.

W. M. D.

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*State Papers and Speeches on the Tariff.* With an introduction by F. W. TAUSSIG, LL.B., Ph.D., Professor of Political Economy in Harvard University. Pp. 385. Published by Harvard University, Cambridge, Mass. 1892.

*The Tariff Controversy in the United States, 1789-1833, with a Summary of the Period before the Adoption of the Constitution.* By ORRIN LESLIE ELLIOTT, Ph.D. Leland Stanford Junior University Monographs. History and Economics, No. 1. Pp. 272. Published by the University, Palo Alto, Cal. 1892.

It was a happy thought of Professor Taussig's, to render more accessible to the public some of the tariff arguments that lay buried in the musty publications of the government, or were beyond easy reach of the majority, from being published only in expensive editions of their author's works. There is so much trash spoken and written on

the tariff question, that it is a relief to be able to turn to discussions which are really worth reading. There are, too, some special advantages in fixing public attention on some of the most important of the arguments discussed in the earlier days of our national life. In the first place, a perusal of these papers will remind those who seem to regard protectionism and patriotism as synonymous, that there have been some whom even they acknowledge to be patriots, whose views could hardly be reconciled with protectionism as protectionism is embodied in our law and practice to-day. In the second place, since these arguments were written before the Civil War they are free from the prejudice which that struggle has injected into the tariff controversy, and should, therefore, appeal all the more strongly to those who, under the influence of the war period, have become accustomed, naturally enough, to regard the present system as the only properly permanent one.

The task of selecting representative papers from the mass of literature and speeches on the tariff is, with the exception of the papers of Hamilton and Gallatin, by no means so easy as it might appear to some, and the judiciousness of Professor Taussig's choice deserves great praise. It is in keeping with the high position he holds as an authority on the tariff question.

Of the papers themselves it is not necessary to say much. Those of Hamilton, Gallatin and Walker are known, by name at least, to all who have given any attention to the subject of which they treat. As Professor Taussig says in his introduction, all the papers discuss some conditions that no longer exist, but it is desirable to consider them in their complete form so as to get the true perspective of the views of the past generation. They are monuments of financial and administrative skill and literary ability, of which no American need feel ashamed.

It is worthy of notice that tariff discussion has recently partaken more of the character of appeals to the history and experience of the country, than of consideration of the general economic principles which bear on the subject. In response to this tendency most of the recent tariff literature is historical. The explanation of the tendency is doubtless found in the fact that logical discussions of general principles cannot be easily followed by the mass of the people, and are, moreover, even when understood, looked on with more or less suspicion as being unpractical and not in touch with real life. Under existing circumstances in this country this state of the public mind has two advantages. First, the study of history will help to do away with the feeling, too commonly held even to-day, that our national life is so peculiar as not to be subject to the ordinary maxims of

economic law ; for there are still too many of our people who believe that Providence exercises a special care over "fools, women and the United States." And, in the second place, the study of our history, by showing how the country has prospered under various degrees of protectionism, should convince extremists that the protective system cannot fairly be charged with either all the good or all the harm the nation has experienced in its industrial life. Under these circumstances Dr. Elliott's history of the earlier phases of the tariff controversy may do much good. The narrative is well-written, and is to be commended for its impartiality. The author's good historical sense is shown by his appreciation of the fact that the struggle for the protective system was but a phase of the larger contest between the adherents and opponents of centralization. It would be better if Dr. Elliott had made this more emphatic. From the philosophical standpoint certainly, his history would have been improved if he had traced more clearly the continuity of the evolution of tariff opinion from colonial days down. Still, he describes the various phases of this evolution excellently. Content, in colonial times, to play an industrial rôle subsidiary to that of Great Britain, the people, after the Revolution, sought for industrial independence with free commercial intercourse. Blocked in their effort, mainly by the insolent treatment of England and the obstacles caused by the European wars, they turned to a policy of restriction. The feeling at the bottom of both efforts was the spirit of nationalism. The apparent success of the policy of restriction, reacting on this spirit, led to the perpetuation of the restrictive system and its adoption as the "American system."

Dr. Elliott's account of the industrial disasters that followed the war of 1812, and their causes, is excellent, and is an emphatic judgment of the merits of the protective system. His book is a valuable contribution to our tariff literature, and it is to be hoped that he will bring the history down to date.

D. K.

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*The Dawn of Italian Independence: Italy from the Congress of Vienna, 1814, to the Fall of Venice, 1849.* By WILLIAM ROSCOE THAYER. 2 vols., pp. 453-446, with two maps. Boston and New York: Houghton, Mifflin & Co. 1893.

Every generation, and perhaps every country, must rewrite its account of the past, for the great body of readers demand an account from their own point of view, and will not willingly trouble themselves with the allowances necessary in case the standpoint is that of another nation or age. The increasing number of histories by Americans meets

this legitimate demand. There is no reason why these should not be distinctly superior for general use to those by Europeans themselves; more accurate in their perspective, and less distorted by natural bias. Nor is there any excuse for want of scholarliness with the present tendency to frequent foreign universities, and the comparative ease with which European collections of sources can be utilized. Mr. Thayer's account of Italy during the first half of this century will appeal to the great body of American readers and will undoubtedly excite an interest in a subject which has received no such adequate treatment in English before.

The author's style, unfortunately, obtrudes itself as one opens his volumes. The first impression is not precisely an agreeable one and may serve to deter some from advancing far in a really meritorious work. There is a strong infusion of Michelet and Carlyle with a suggestion of the boyish superlative of Garibaldi's memoirs. While this style is by no means wanting in clearness, force, and even eloquence, it leads the author astray, carrying him at times beyond the limits of legitimate metaphor, as when he tells of a "spiritual æther \* \* \* which has its trade-winds and tornadoes, its lightnings and its auroral calms; \* \* \* deeds good and evil are sown in it and borne like pollen up and down the fallow field of years, till at last they fructify and bring forth harvest of wheat or tares, each after its kind" (I. 215).

Good and forcible as many of the elaborate figurative passages are with which the book abounds, there is a tendency to overdo the matter. In his vocabulary Mr. Thayer shows a predilection for unusual words. "While Gregory XII. pontificates" is the not especially humorous title of his third book. "Charlemain" is perhaps a worthy orthographical reform.

The Introduction, of nearly one hundred pages, is not only weak, but what is harder to forgive, there is a suspicion of flippancy about it. It cannot edify one who has studied the preceding centuries, and may mislead those who have not. The author might well have made a passing reference to Mr. W. H. Howells' excellent, but somewhat neglected, account of Italian Literature since the French Revolution. Little is said of the effects of the Napoleonic period on Italy.

With the second book and the Congress of Vienna the author enters upon his real task, and the character of the work improves very perceptibly. The narrative is vivacious and clear; the phases of the subjects treated are selected with discrimination and the matter is well arranged in spite of the confused conditions in Italy. The Revolution of 1848-'49 occupies the whole of the second volume, and its pages



form, to say the least, an agreeable alternative to other of the familiar accounts of this period in English.

The author has read largely, but almost exclusively the secondary Italian sources. These, of course, often contain documentary material in a convenient form, and Mr. Thayer seems to have made no effort to go beyond this. He even neglects Reuchlin's work entirely, in spite of its recognized position as the most careful treatment of Italian affairs since 1815. This is much as if one were to write a history of France since the Restoration, basing his work exclusively upon the historical writings of Louis Blanc, Garnier-Pagès, and the memoirs of Guizot. The Italian publicists of the same period were certainly no more judicial, nor can we expect them to review the past in an unpartisan spirit. Few among us read Italian, however, and it is worth while to know how it all seemed to the participants themselves. The author often obtrudes his own opinions, and these sometimes upon topics and in places where they are in no way called for. Protection, evangelicism, and everything monarchical, each receives a frequent dig. How far the historian should be explicitly and avowedly didactic is a question which each must settle for himself. There is certainly a danger in attempting always to take sides, and the experienced historian becomes more and more tolerant. Without an instinctive desire to see the other side and a proneness to suspend judgment in the presence of motives but half understood, no really worthy history can be written.

J. H. R.

*Dell' Abbreviature nella Paleografia Latina*, studio di ZANINO VOLTA.

Con 36 Tavole litografiche e figure in zincotopia intercalate nel testo. Pp. 328. Milano: Max Kantorowicz, 1892.

The conscientious use of sources in the study of history necessitates an accurate knowledge of paleography and diplomatics. In the former the most difficult and important branch is the interpretation of abbreviations. They are common in all documents of the later middle ages, and in some hardly a word is written in full. The difficulties of the subject can be appreciated from a few facts. In this book fifty-nine separate words are enumerated, which are represented by the letter S, without any distinctive marks. D. D. may be read in twenty-six ways. Some general rules are followed, but, as our author is fond of insisting, in any case the usage of the time and the idiosyncrasies or carelessness of the copyist may have introduced what seems at first hopeless confusion. In fact, the learned Mabillon confessed his inability to understand some signs.

Professor Volta has chosen for his field the Italian codices and charters of the X-XV centuries. In his preface he promises the signs

for 2500 abbreviations, in his book he gives nearly 4000. When necessary for comparison, he does not hesitate to transcend the limits he has chosen. But these centuries were especially the age of abbreviations. Before the earlier date comparatively few and simple signs were used. As manuscripts of various kinds became more common and more necessary the costliness of parchment necessitated economy in space, the laborious process of transcription by hand necessitated economy in labor. Consequently, abbreviations became more and more frequent, until the invention of printing and the use of paper did away with the need for such economies.

A third reason for abbreviations also had much weight in the middle ages. The air of mystery which surrounded certain branches of learning was enhanced by the use of cabalistic signs, known only by the initiated, and regarded with superstitious awe by the credulous populace. In this way we can explain the use of certain signs which required more labor and took up more space than the words written in full.

After a critical introduction the author discusses abbreviations according to their forms; *e.g.*, "single letters," "monograms," "abbreviations by indeterminate signs," etc. For the sake of "good measure" he adds an interesting chapter on numerals, in which he treats of the Greek, Roman and Arabic signs, with their histories. For each division he gives practical rules and numerous examples. He usually arranges the latter alphabetically, which makes the book comparatively easy to use, although there is no index.

The final chapter is on the subsidiary value of these signs as a means of determining the age of a document. On this subject there has been much confusion. Facts true for one country have been stated as general rules. But, remembering strictly the limits of nationality, documents can usually be placed within a half century, and sometimes much more closely by a careful study of the method of abbreviation used.

Aside from the lack of index, it is to be regretted that the author gives so few cross references and has omitted a table of works cited. But his aim has been cheapness and to this he subordinates everything possible in a scientific treatment of the subject. Long years of teaching and great enthusiasm have especially fitted Volta for the preparation of such a handbook. Not only his students, who have incited him to the task, but all paleographers will be grateful to him for this handy and scholarly treatise.

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## WORKS ON SOCIAL TOPICS.

- I. *Socialism and the American Spirit.* BY N. P. GILMAN. Pp. 376. Boston: Houghton, Mifflin & Co., 1893.
- II. *Socialism from Genesis to Revelation.* BY REV. F. M. SPRAGUE. Pp. 493. Boston: Lee & Shepard, 1892.
- III. *Prisoners and Paupers.* BY HENRY M. BOIES, M. A. Member of the Board of Public Charities and of the Committee on Lunacy of the State of Pennsylvania; of the National Prison Association; of the Pennsylvania Prison Society, etc. Pp. 318. New York: G. P. Putnam's Sons.
- IV. *The Death Penalty.* BY ANDREW J. PALM. Pp. 241. New York: G. P. Putnam's Sons, 1892.
- V. *Proceedings of the National Conference of Charities and Corrections, Nineteenth Annual Session.* Pp. 492. Boston: Geo. H. Ellis, 1892.

The frequent appearance of works on social problems is a matter of encouragement. It must be confessed, however, that their general superficiality and prejudice argues little for an immediate solution. The writer's principal qualifications for reviewing works on socialism is an absence of complete persuasion on either side. His former convictions, having failed to pass muster, are out for repairs, and in the meantime he entertains the possibly heterodox opinion that on the one hand the existing system still needs to clear up a point or two before it can be completely justified, and on the other that the socialist is still entitled to a hearing. In other words, neither is so entirely acquitted or condemned that judicial fairness may be dispensed with in this connection.

The opening pages of *Socialism and the American Spirit* led us to expect this from Mr. Gilman, but we confess to a disappointment as we closed the book. The author defines the typical American as independent, optimistic, conservative, practical and distrustful of theoretic reconstructions of society. As such, he is equally disinclined to individualism and to socialism. He adopts as much as he likes of either regardless of precedents or ultimate principles involved. In specific matters the presumption is always in favor of private enterprise and yet "every general consideration of reason leads the American to expect a steady enlargement of the sphere and functions of the State." Notwithstanding this movement toward socialism in practice—a movement to which Mr. Gilman attributes very considerable present results—this typical "American citizen who sees clear and thinks straight" looks with very superior disdain upon socialist programs of every sort. Imported socialism is either a passing malady

or if chronic, it is due to laziness and what Josh Billings would call "general cussedness." The remedy is policemen, etc. Domestic socialism is "literary," "romantic," "sentimental," a distemper of certain novelists and women. The agitation about trusts is "a senseless panic" and to the typical American the whole performance is highly "amusing."

This typical American, so prominent in the earlier chapters as an abstraction, gradually assumes distinctness and merges his personality in that of Mr. Gilman, and this change is so easy and slight as to suggest an identity from the first. Whether Mr. Gilman served as model for his own sketch or not, the sketch certainly seems to us something of a caricature. Americans are neither so disdainful of, or so unaffected by, general theories as are Mr. Gilman and his type. In spite of his strictures we believe few nations have been so influenced by theories of social organization as ours, notably by that of Rousseau during the pre-revolutionary period. We believe too that socialist theories are accorded a much more serious hearing and are making a more serious impression in America than he supposes. Mr. Gilman's laudation of planless evolution seems to us neither rational nor American. "Opportunism" is not the fundamental, but the superficial law of our social evolution, and to ascribe to it alone all the results whose initial causes lie in a profound and far-reaching study of human society, seems to indicate a superficial observation.

As a result of this attitude of mind Mr. Gilman treats immediate problems of social reform like tenement house reform, profit sharing, etc., with admirable candor, but his discussion of the general principles of individualism and socialism is simply a mild mannered sort of tirade which may be just, but is neither judicial nor judicious. It is only fair to say that the bulk of the book is of the better sort and forms a valuable addition to his previous excellent work.

The candid consideration which we have bespoken for socialism is not likely to be furthered by *Socialism from Genesis to Revelation*. The author, a minister, claims to have begun his investigation as an inquirer and to have reached full conviction in favor of socialism. On the latter point there can be no doubt. Beginning by a catch title, which means the genesis of socialism and its revelation, he proceeds to present all possible arguments against the present social order and in favor of its claimed successor. The volume impresses us as a voluminous and indiscriminating compilation. The author has great faith in quantitative argument; "twenty sources of waste," "sixteen reasons in answer to this objection," "eight reasons showing its inadequacy," "twelve reasons showing the practicability," etc., being impressive headings in the contents. To our mind, in spite of

the author's continual reference to ethics, he fails to do justice even to the ethical side of socialism, while his economic discussions betray utter ignorance of the subject. His fancied demonstration of the principle that value is due to labor is a lamentable illustration. He not only ignores the latest discussions of this subject, but makes the needless assumption that this proposition is fundamental to socialism. Why does not some economist show the real possibilities of economics from the standpoint of socialism? As it is, we are reminded of Smart's sentence that "many shut their eyes to the weakness of socialist economics in view of the strength of socialist ethics."

The book contains most of the stock arguments of socialists in a fairly systematic form and seasoned with mild ministerial invective. Nevertheless, we are glad to see the attention of the clergy directed to this important field of ethical inquiry.

*Prisoners and Paupers* is an attempt to emphasize certain facts of crime and pauperism rather than to candidly examine the subject. Statistics are used which are impressive enough in themselves, but the writer has unfortunately felt it necessary to "bear on" by a long and monotonous series of emphasizing adjectives which, of course, only weary the reader's patience and lessen his power of receiving impressions. The appalling impressiveness of the facts is farther reduced by the spirit of pessimistic and querulous criticism which pervades the book. The increase of crime and pauperism is explained by a number of causes, each one of which is made sufficient to account for it all. Sometimes the reasoning is remarkable, as when he explains the smallness of French immigration to this country by the excellence of French roads. How about Italy and Germany which with roads scarcely inferior to those of France, send us their millions. The author concludes that the race is deteriorating physically (baldness, etc., being urged in proof) and explains crime and pauperism by this deterioration. This is illustrated by comparing pictures of the Milo Venus, the Vatican Sophocles, negro college presidents, etc., with groups of criminals and paupers, a method at least unique.

It is in the remedy proposed, however, that the writer reaches positive originality. He would by surgery sterilize these unfortunates and so prevent their reproduction. In answer to the "sentimental" and unfounded objections to this proposal, he urges the benefit to society of an immediate eradication of crime and pauperism, and to the subject of the bestowal of "satisfaction and comfort for discontent and insatiable desire. Neither should the purpose of this operation . . . be objectionable to the subject." In view of these and similar considerations "it seems inexplicable that the remedy should

have been so long delayed." Of course, along with all this there are many good things in the book.

*The Death Penalty* is in some respects an excellent book. Its presentation of the arguments against capital punishment is clear and comprehensive, and though intensely partisan, it claims to be nothing more. Like all such presentations it overreaches itself, proves too much and impels the thoughtful man to seek arguments on the other side. Its greatest defect is its freezing disdain for the religious or "superstitious" arguments in favor of capital punishment. These the writer meets in detail with conscientious thoroughness, but in a tone which is, to say the least, altogether maladroit. The man who is really superstitious is more affected by the tone than by the rationality of an argument, and he is not won from a belief in a "brimstone hell" by caustic allusions to it as his "sweetest consolation." In spite of these defects the book is undoubtedly the best presentation to be had of arguments against capital punishment, and we commend it to those in search of such a presentation.

The report of the Conference of Charities and Correction scarcely needs a review. Its predecessors are too well known and too highly prized to require for this either introduction or commendation. This seems to be in some important respects superior to any previous report. It is impossible to either summarize or criticise here its varied and varicously valuable contents, but those interested in the subject will find here much that cannot be neglected. The great interest shown in the meetings of this Conference argues favorably for an advance in our knowledge upon this subject.

H. H. P.

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## NOTES.

DR. ANDREWS' excellent study of the old English manor\* deserves special mention. In this work of three hundred pages one may find the carefully thought-out results of a painstaking study of practically all the original and secondary authorities on the subject. After an extended introductory chapter on the unsettled, and perhaps insoluble problem of the origin of the manor, together with a discussion of the mark theory, Dr. Andrews devotes the body of his volume to an investigation of the land and the people. Herein he presents a clear picture of the times and throws much light upon social conditions. In a word, one has here a thorough, instructive and interesting monograph; and it is doubly welcome, first for its own intrinsic worth, and secondly as another evidence of the larger attention now being given in America to early European history and institutions.

ONE or more courses of lectures on jurisprudence and the philosophy of law are offered by the law faculty of each German university, and in this, as in some other subjects, considerable tomes are often the consequence. One of the most recent contributions is by Dr. Bergbohm,† of the University of Dorpat, whose first volume appeared a year ago. This, though formidable in size, contains only an introduction and the first subdivision of the work as planned. This portion, on the law of nature, is unfortunately of but small interest to English-speaking peoples, who usually lay little stress on the topic, though recent tendencies in American foreign relations may give a new weight to the subject in connection with the principles of International Law. The succeeding volumes of Dr. Bergbohm's work promise to prove of wider interest outside of Germany than the present one can be.

THOSE interested in transportation will find the series of articles by W. M. Acworth, in the *Engineering Magazine*, well worth reading. The author of "The Railways of England," "The Railways of Scotland" and "The Railways and the Traders" has undertaken by means of a number of monthly papers, the first of which appeared in

\* *The Old English Manor; a Study in English Economic History.* By CHARLES M. ANDREWS, Ph.D. Pp. 280. Baltimore. Johns Hopkins Press, 1892.

† *Jurisprudenz und Rechtsphilosophie.* Von Dr. KARL BERGBOHM. Erster Band. Pp. xvi., 566. Leipzig, 1892.

the April issue of the *Engineering Magazine*, to contrast and compare the railroads of England and America in such a way that the non-technical reader can understand the essential points of similarity and difference and the reasons that explain their existence. The excellent illustrations greatly increase the value of the articles.

THE *Independent*, of June 1, contains a symposium of ten articles on railway problems. The articles make a valuable and timely contribution to the transportation question. Aldace F. Walker discusses "The Amendment of the Interstate Commerce Law;" Wager Swayne, "The Legal Aspect of Railroad Strikes—The Ann Arbor Decision;" the Interstate Commerce Commissioner, Martin A. Knapp, "Discrimination by Railroads;" James Peabody, "The Necessity for Railway Compacts under Governmental Regulation;" Augustus Schoonmaker, "Limitations upon Railway Powers;" Henry Clews "Railway Stocks and Bonds;" W. M. Acworth, "Government Interference in English Railway Management;" C. C. McCain, "The Development of Freight Classification;" E. E. Russell Tratman, "The Relation of Track to Train Service;" Nat Sawyer, "The Brotherhood of Engineers, and its Relation to the Railroads." The article by Mr. Swayne is especially good. It is a brief statement by a railroad lawyer of recognized ability of the bearing of the Ann Arbor decision on railroad strikes. American readers will find Mr. Acworth's article a strong defence of the doctrine that railroads can be better controlled by government inspection and publicity than by direct state regulation.

FOR SOME TIME the opinion has been increasing among those best informed that the Interstate Commerce Law contains several weaknesses, that it is in consequence becoming from year to year a less potent rather than a stronger force in the control of abuses, and in the promotion of improved conditions of transportation. The advocates of pooling contracts, and the members of the Interstate Commerce Commission are of their number, had a bill introduced into the Senate last session to permit such agreements among railroads. The bill, however, died in the committee-room. The conflict which took place last winter between the Brotherhood of Locomotive Engineers and the Toledo, Ann Arbor and Northern Michigan Railroad, and the decisions of the United States courts, that grew out of this boycott, brought the relation of employes to railroad corporations forcibly to the attention of the public and of Congress. At the reorganization of the Committee on Interstate Commerce, along with the alterations in the other Senate committees that followed the change of the United States Government from Republican to Democratic control, an inquiry into the alleged weaknesses of the Act to Regulate Commerce was

authorized. By resolution of the Senate, passed April 15, 1893, the investigation is to include four subjects: pooling, the short-haul clause, Canadian competition, labor on railroads. If the committee does its work well and thoroughly investigates the workings of the Interstate Commerce Law it will doubtless be able to propose amendments that will make the law more efficient than it has thus far been. Students of transportation will follow the investigations of the committee with interest.

THE AMERICAN SOCIETY for the Extension of University Teaching will hold its first summer meeting in Philadelphia during the four weeks beginning July 5. The University of Pennsylvania has placed at the disposal of the Society its College Buildings, Libraries and Laboratories, so far as these may be needed for the instruction which is to be given. The meeting will be devoted principally to the study of History and Economics. The lecturers on American History will be Professor William H. Mace, of Syracuse University; Arthur Kaiser, of the University of the State of New York; Rev. Edward Eggleston; Professor John Fiske; Hon. Theodore Roosevelt; Rev. S. D. McConnell, D. D., and Professor John L. Stewart, of the Philadelphia Manual Training School. A number of excursions will be made with Professor Stewart to places of historic interest in and near Philadelphia. European history will be treated of in lectures by Professors James Harvey Robinson and Edward P. Cheyney and Mr. Dana C. Munro, of the University of Pennsylvania; by Mr. E. L. S. Horsburgh, of Oxford University, and Professor George W. Smith, of Colgate University. Professor Robert W. Rogers, of Dickinson College, and Edmund M. Hyde, of Lehigh University, will lecture on subjects in ancient history.

The following lectures on sociology and economics will be delivered: Rev. S. W. Dike, on "Sociological Statistics;" Mr. Robert A. Woods, of Andover House, on "Methods of Sociological Study;" Dr. William Howe Tolman, on "The City as a Sociological Workshop;" Miss Dora Freeman, of Hampton Institute, on "College Settlements;" Professor Edward A. Ross, of Leland Stanford Jr. University, on the "Extra-University Teaching of Economics;" William L. Garrison, Esq., of Boston, on "The Single Tax;" George G. Mercer, Esq., of Philadelphia, on "Civics."

There will also be courses of lectures on other subjects, such as literature, music, the natural sciences, sanitation, pedagogics, University Extension, etc.

THE CHAUTAUQUA program for the present summer contains more courses in political economy and social science than have ever been offered before at that summer school at any one time. The class work

will be conducted by Professors Richard T. Ely and William A. Scott, of the University of Wisconsin. Professor Ely will give a course on "Socialism," extending from July 5 to 26. Professor Scott will give a course on the "Development of Economic Thought" during the first two of the six weeks during which the class work is to continue, a course on "Consumption and Production" during the second two weeks, and a course on "Money and the Mechanism of Exchange" during the last two weeks. This arrangement is designed to meet the wants of students coming to Chautauqua at different times. Each course may be taken without the others, and is open to all students of the College of Liberal Arts.

In addition to the class work a course of lectures will be given by the Rev. Samuel A. Barnett, of Toynbee Hall, London, on "The New Philanthropy;" by Mr. A. J. Herbertson, of Edinburgh, on the "Relation of Physical Geography to Sociology;" by Professor Ely on "The Distribution of Wealth;" and by Professor Scott on "Economic Problems of the Present Day." Single lectures will also be given by prominent Americans and Europeans.

Perhaps the most interesting and important feature of the summer's work along social lines at Chautauqua will be the organization of "The American Institute of Christian Sociology," which is to take place July 19 and 20. The object of this organization will be the application of the moral truths and principles of Christianity to the social and economic difficulties of the present time. It proposes to work toward the attainment of this object through the publication of appropriate leaflets, monographs and treatises, the employment of special lecturers, the preaching of sermons by clerical members, the encouragement of the study of social science by the establishment of prizes, scholarships, fellowships, lectureships and professorships, and through the annual meetings of its members. The membership of the Association is to be open to all persons interested in its objects. Its chief promoters and backers are Professor Henry Drummond, author of "Natural Law in the Spiritual World," Bishop John H. Vincent, Doctor Washington Gladden, Professor Arthur S. Hoyt, of Auburn Theological Seminary, Rev. George D. Herron, of Iowa College, Rev. Cyrus Hamlin, of Beloit, and others.

The Chautauqua term begins July 6 and ends August 16. The class work continues during the entire six weeks, according to the plan described above, and the lecture courses will be distributed throughout the period. A detailed announcement with exact dates will soon be made public.

THE AMERICAN HISTORICAL ASSOCIATION will hold its meeting this year in conjunction with the World's Congress of Historians and

**Historical Writers.** This Congress will meet at Chicago, in the Art Institute on Monday, July 10, and will hold sessions during the week, with intervals which will give members opportunity to visit the Exposition. The object of this Congress is to bring together during the term of the Columbian Exposition, representatives of Historical Societies, and other persons who have made contributions to historical research and literature, or, who are especially interested in historical study. The immediate management of the Congress, under the control of the General Committee on Literary Congresses appointed by the Auxiliary, is assigned to a Sub-Committee of four residents of Chicago. Historical societies, whether state or local, in all parts of the United States and in all foreign countries, are invited to send representatives to the Congress. The complete program has not been announced yet, but the persons who, up to June 15, had accepted invitations to read papers before the Congress with their subjects so far as they had been selected, are as follows:

President James R. Angell, Michigan University, "The Inadequate Recognition of Diplomats by Historians." Professor Simeon E. Baldwin, Yale University, "The Historical Policy of the United States as to Annexation." Dr. Frederic Bancroft, Washington, "Mr. Seward's Position toward the South, December, 1860—April, 1861." Hon. James Phinney Baxter, Portland, Me., "The Present Status of the Columbian Discovery." Professor F. W. Blackmar, Kansas University, "The Annals of an Historic Town." Dr. George Bourinot, clerk of the Canadian House of Commons, "The Intellectual Development of the Canadian People." Professor Edward G. Bourne, Adelbert College, Cleveland, Ohio, "Prince Henry the Navigator." Dr. Lewis H. Boutell, Chicago, "Roger Sherman in the National Constitutional Convention." Dr. Rudolph Cronau, Leipzig, Germany, "Personal Explorations at Watling Island and at the Tomb of Columbus at Santo Domingo." Professor Ephraim Emerton, Cambridge, "The Historical Doctorate in America." Professor Charles H. Haskins, University of Wisconsin, "The Eleventh Amendment of the Constitution." Hon. William Wirt Henry, Richmond, Va., "The First Legislative Assembly in America." Professor B. A. Hinsdale, University of Michigan, "The Thirty-first Parallel in American History." Professor J. F. Jameson, Brown University, "The Origin of Standing-Committee System in American Legislative Bodies." Colonel William Preston Johnston, Tulane University, "The Definition of History." Dr. George Kreihn, Johns Hopkins University, "English Popular Uprisings in the Middle Ages." Professor Jesse Macy, Iowa College, "The Relation of History to Politics." Miss Mary M. P. Newton, Richmond, Va., "Colonial Virginia

and its Part in Moulding American Civilization." Professor Lucy M. Salmon, Vassar College, "The Union of Utrecht." James Schouler, Esq., Boston, "The Methods of Historical Investigation." Hon. William Henry Smith, Lake Forrest, Ill., "Early Slavery in Illinois." Ainsworth R. Spofford, Esq., Librarian of Congress, "American Historical Nomenclature." Miss Cora Start, Worcester, Mass., "The Naturalization of the English Colonies in America." Mr. Reuben G. Thwaites, Wisconsin State Historical Society, "Lead Mining in Illinois and Wisconsin." Professor Moses Coit Tyler, Cornell University, "The Time-Element in American History." Mrs. Ellen Hardin Wallworth, Saratoga, N. Y., "The Value of National Archives to a Nation's Life and Progress." Professor Frederick J. Turner, University of Wisconsin, "The Significance of the Frontier in American History." President Ethelbert D. Warfield, Lafayette College, "The Moravians in America." Professor Stephen B. Weeks, Trinity College, "General Joseph Martin and the War of the Revolution in the West." Professor James A. Woodburn, Indiana University, "The Historical Significance of the Missouri Compromise." The following gentlemen will also read papers at the Congress: Dr. Edward Everett Hale, Dr. Charles K. Adams, Professor Bernard Moses, Professor Herbert B. Adams, Edward G. Mason, Esq., Dr. Charles J. Little.

A CONGRESS of the advocates and friends of Proportional Representation will meet, under the auspices of the World's Congress Auxiliary of the World's Columbian Exposition, in the city of Chicago, in the week commencing on Monday, August 7, 1893. This conference constitutes a section of the Congress on Suffrage, in republic, kingdom and empire. In all countries in which representative government obtains, the more intelligent citizens are coming to see that a system by which the city, state or nation is divided into a number of arbitrary districts, from each of which one representative is chosen by a majority or plurality of votes, though seemingly fair upon its face is really destructive of the very end sought—government by the people. The successful candidates necessarily represent only the citizens who voted for them, and, as a majority of the members of legislative bodies control their action, laws may be passed by the representatives of a small minority of the people. A careful analysis of city councils, state legislatures and the United States Congress, shows that a majority of their members represent but from one-fifth to one-fourth of the voters who participated in the election. For a government by the representatives of a majority of the people there has been substituted a government by a majority of the representatives of a minority of the people. In place of this unnatural and unjust system the proportional representationists are prepared to submit a method which



secures the rule of the real majority, and at the same time gives the minority the full representation to which its numbers entitle it. By abolishing the districts and apportioning the representatives among the various parties or bodies of voters according to their voting strength, representative government will be in fact what it now is in theory—a government of the people, for the people and by the people. During this conference it is hoped not only that an American Society of Proportional Representation may be formed, but that an International Association may also be organized. All persons interested are cordially invited, to favor the committee with subjects to be considered in the proposed Congress, the names of persons especially well qualified to present such subjects, and any other recommendations which may be deemed conducive to the end in view. Stoughton Cooley, Esq., of Chicago, is the Secretary of the Committee in charge.

THE POLITICAL AND SOCIAL SCIENCE CONGRESS will be one of the most noteworthy among the Congresses to be held at Chicago in connection with the World's Columbian Exposition. It will meet during the week beginning August 28. A definite program has not been announced as yet, but from the list of those who have accepted invitations to prepare papers, it is certain that the Congress will prove to be of value in the development of these sciences in America. Among those who have promised to speak before the Congress are Signor Luzzatti, late Finance Minister of Italy; Dr. Heinrich Braun and Dr. Richard von Kaufmann, both of Berlin; Professor Levasseur, of Paris; Mr. Holyoake, of England; Presidents Andrews, of Brown University, and Schurman, of Cornell University; Colonel Carroll D. Wright, of Washington, D. C.; Professors E. J. James, of the University of Pennsylvania, J. W. Burgess, of Columbia College, Bernard Moses, of the University of California, R. T. Ely, of the University of Wisconsin, E. A. Ross, of Leland Stanford Jr. University, J. B. Clark, of Amherst College, H. C. Adams, of Michigan University, E. R. L. Gould, of Johns Hopkins University, and many others.

THE AMERICAN SOCIAL SCIENCE ASSOCIATION will hold its annual session at Saratoga Springs, in the new Convention Hall, during the week of September 4. The complete program has not been announced yet, but it will be in part as follows: Monday, September 4, evening: opening address by the president, on "Compulsory Arbitration." Mr. Andrew Carnegie has been invited to be present to discuss this subject. Tuesday morning, address by Mr. Hamilton W. Mabie, of New York, chairman of the Education Department, followed by "The Seamy Side of the Kindergarten," by Mr. Edward T. Fisher and Miss

Spence. Tuesday evening, "Turkey," by Hon. Oscar Strauss. Wednesday morning will be devoted to the Health Department. Papers will be read on "Hygiene" and the "Cholera." In the afternoon the general subject will be Finance. Mr. J. L. Greene, of Hartford, and Mr. Charles B. Spahr will discuss "Bimetallism," and Mr. S. S. Rogers "The Currency." On Thursday morning, Mr. Charlton T. Lewis will read a paper on the "Succession Tax," which will be discussed by Mr. Eugene Smith. In the afternoon, Mr. E. A. Merrill will deliver an address on "George William Curtis," and in the evening Hon. Andrew D. White will speak on the "Diplomatic Service."

THE AMERICAN ECONOMIC ASSOCIATION will hold its Sixth Annual Meeting in Chicago during the week beginning September 11. The meetings in Chicago during the whole period from August 28 to September 15 will be of extraordinary interest to economists, but the last week of this period will be especially attractive to members of the association. As the International Statistical Institute, at the joint invitation of the American Economic Association and the American Statistical Association, holds its first cis-Atlantic meeting in Chicago during this week, it has been decided to defer in respect to program to the sessions of the distinguished guests. On Wednesday, September 13, however, the Institute holds no sessions, while the Economic Association offers a program for which the following papers have been promised:

"The Value of Money," by Gen. Francis A. Walker, president of the Mass. Inst. of Technology. "The Relation between Interest and Profits," by Professor Arthur T. Hadley, of Yale University. "The Development of the Wages Fund Doctrine," by Professor F. W. Taussig, of Harvard University. "The Scope of Political Economy," by Professor Simon N. Patten, of the University of Pennsylvania. "Marshall's Theory of Quasi-Rent," by Professor E. R. A. Seligman, of Columbia College. "The Genesis of Capital," by Professor J. B. Clark, of Amherst College. "The Law of Diminishing Returns," by Professor Franklin H. Giddings, of Bryn Mawr College.

THE SCHOOL OF APPLIED ETHICS will hold no session at Plymouth during the present summer. The reasons for this decision are—first, that the World's Fair, now being held in Chicago, and its Philosophical, Economical, Ethical and Religious congresses, are likely to attract the attention of students throughout the country, and to serve much the same purpose that the school is designed to promote in ordinary years, when no such unusual opportunities for thought and discussion are offered. Secondly, it is hoped during the present intermission to prepare for a considerable expansion and enlargement of the work of the school in the future. Among the plans which are being

considered with this end in view is a series of winter sessions in connection with some of the leading universities of the country. The first winter session will probably take place in the winter of 1893-'94, the place selected and program of lectures to be announced hereafter.

It is hoped also to arrange in connection with the summer session at Plymouth a series of meetings of ministers' institutes, teachers' associations and the like, with a view to reaching a class of students to whom the school is specially fitted to be of use. It is intended to mark the international feature of the enterprise by inviting one or more distinguished scholars from abroad to take part in the lectures of the coming season. Detailed programs of the future work will be issued in the autumn.

A POLITICAL SCIENCE ASSOCIATION has been formed in Michigan. The aims and scope of its work is described as follows by Professor F. M. Taylor, of the University of Michigan :

Early last winter several members of the faculties of the University of Michigan and of the various colleges of the State, together with a number of prominent lawyers, bankers, and business men, met at the State Capitol and organized the Michigan Political Science Association. In February a second and very successful meeting was held at Ann Arbor, and the publication of the proceedings of these two meetings furnishes the occasion for this notice.

The scope of the Society is only roughly indicated by the word "political;" since history, economics, penology, and social topics generally will receive attention. The chief objects of the Association are to increase the interest of educated men of Michigan in the great practical questions, to promote a more scientific, non-partisan consideration of these matters, and to secure, through the interchange of views among teachers, professional men, and men engaged in practical affairs, greater community of ideas and greater breadth of view. The last consideration has, perhaps, been most emphasized. The separation of theory and practice so often complained of is doubtless much less marked than it was a generation ago. There is, however, room for improvement, and such improvement would seem to be promised by an association where the specialist and the practical man meet to discuss freely the questions of living interest to both.

Naturally the college men hope to increase public interest in their respective fields of work. They hope, also, to convince the public that their teaching is more in touch with the life of society than is commonly supposed; and they think that with the help of practical men they can make its connections with actual conditions still closer. They further expect to receive real and valuable assistance from such men in the purely scientific study of social problems of every-day

interest. Considerable attention is to be given to monetary questions, municipal reforms, municipal control of quasi-public works, tax systems, prison reforms, etc. To the specialists who are called on to talk and write about these matters, it seems highly desirable to get the benefit of the opinions and experience of the men more immediately engaged in working out solutions of these problems in actual life.

An effort will also be made to carry on the co-operative investigation of some of these questions. It is hoped to give the membership such extension within the State that the Association will have in every considerable town persons able and willing to furnish data as to the actual working in their community of any social or political institution which is being studied. Under the leadership of Professor Waldo, of Albion College, has already been begun a study in the changes in the charters of a number of Michigan cities. Professor McBride, of the Agricultural College, will have charge of an investigation into the history of changes in methods of farming in Michigan. Other similar studies will soon be under way.

As to the means for accomplishing its ends the personal intercourse and general discussions of the regular meetings will be mainly depended upon. Publication, indeed, will not be neglected, but will be primarily for the benefit of members; since the object of the Association is not, in the first instance, to make original contributions to social science. Naturally, however, the promoters hope that some matter will come to the front at each meeting which will have interest and value even to specialists. With the name of Judge Cooley prefixed to two of the papers, it is needless to say that this hope is realized at least in the first number.